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flynas Company Prospectus

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A Saudi joint-stock company established by virtue of Ministry of Commerce Resolution No. Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), and registered in Riyadh under commercial registration number 1010294138 on 21/09/1431H (corresponding to 31/08/2010G).

Offering of fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) ordinary shares, representing 30% of the share capital of flynas Company after the Offering and share capital increase (equivalent to 33.4% of the Company's share capital prior to the share capital increase) for public subscription at an Offer Price of eighty Saudi Riyals (SAR 80) per share.

Offering Period

Wednesday •••• •••• Sunday

Three (3) days

commencing on Wednesday 01/12/1446H (corresponding to 28/05/2025G) and mid day of Sunday 05/12/1446H (corresponding to 01/06/2025G).

flynas Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi joint stock company established pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), registered under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). Its registered address is 8018 - Unit No. 6, Abu Bakr Al-Siddiq Road, 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia (hereinafter referred to as the "**Kingdom**" or "**Saudi Arabia**").

The Company was established on 26/08/1431H (corresponding to 07/08/2010G) as a limited liability company under the name "NasAir Limited Liability Company" with a fully paid-up capital of three hundred thousand Saudi Riyals (SAR 300,000), divided into thirty thousand (30,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. It was registered in Riyadh under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). On 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name "flynas Company", pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G). The Company's capital has been increased twice since its incorporation. The Company's capital was first increased pursuant to the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), whereby the capital of the Company was increased from three hundred thousand Saudi Riyals (SAR 300,000) to one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000), divided into one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing an increase of approximately 511,316.7% of the Company's capital. The increase was fulfilled through (i) a cash contribution from the National Air Services Company ("**NAS Holding**") in the amount of four hundred and thirty-five thousand, eight hundred and six Saudi Riyals (SAR 435,806), and (ii) the capitalization of one billion, five hundred and thirty-three million, five hundred and fourteen thousand, one hundred and ninety-four Saudi Riyals (SAR 1,533,514,194) from the capital contributions account. Thereafter, on 19/12/1445H (corresponding to 25/06/2024G), the Extraordinary General Assembly of the Company approved an increase in the Company's capital from one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000) to one billion, seven hundred and eight million, five hundred and eighteen thousand, nine hundred and thirty Saudi Riyals (SAR 1,708,518,930), divided into one hundred and seventy million, eight hundred and fifty-one thousand, eight hundred and ninety-three (170,851,893) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, representing an increase of approximately 11.36% of the capital, through the issue and Offering of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new shares for public subscription. The Company's ownership structure has undergone several changes since its incorporation on 21/09/1431H (corresponding to 31/08/2010G). At incorporation, the Company's shares were owned by NAS Holding, which owned twenty-nine thousand, four hundred (29,400) shares, representing 98% of the Company's capital, and National Flight Services Company, with six hundred (600) shares, representing 2% of the Company's capital. On 27/06/1432H (corresponding to 30/05/2011G), the National Flight Services Company transferred its entire ownership in the Company in the amount of six hundred (600) shares with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). On 19/03/1438H (corresponding to 18/12/2016G), NAS Private Aviation Company transferred its entire shareholding of six hundred (600) shares in the Company, with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Holding, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). Finally, on 06/10/1445H (corresponding to 15/04/2024G), NAS Holding transferred all its shares in the Company, amounting to one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of fifty-nine million, eight hundred and sixty thousand, two hundred and ninety-eight (59,860,298) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 39.016% of the Company's share capital; (ii) Kingdom Holding Company in the amount of fifty-six million, eight hundred and eighty-five thousand, three hundred and eighty-seven (56,885,387) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 37.077% of the Company's share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of thirteen million, five hundred and twenty-five thousand, nine hundred and forty-eight (13,525,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 8.816% of the Company's share capital; (iv) Mawarid Investment Company in the amount of seven million, five hundred and two thousand, four hundred and eighty-three (7,502,483) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 4.890% of the Company's share capital; (v) Hamza Bahi Adeen Alsayed Al Kholi in the amount of three million, six hundred and seventy-six thousand and sixty-three (3,676,063) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 2.396% of the Company's share capital; (vi) Saudi General Investment Trading and Services Company in the amount of one million, eight hundred and thirty-eight thousand and thirty-two (1,838,032) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 1.198% of the Company's share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of one million, two hundred and fifty-one thousand, nine hundred and forty-eight (1,251,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.816% of the Company's share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of five hundred and sixty-four thousand, six hundred and four (564,604) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.368% of the Company's share capital. In addition, NAS Holding transferred its shares held directly in the Company to the Company, amounting to eight million, three hundred and twenty thousand, two hundred and thirty-seven (8,320,237) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, which was approved by the Company's Extraordinary General Assembly under its resolution issued on 27/11/1445H (corresponding to 04/06/2024G), representing 5.423% of the Company's share capital, to be held as treasury shares for use thereof to finance the Company's reward and incentive program (for further information regarding the Company's history and evolution of share capital, please refer to Section 4.1.2 "**Corporate History and Evolution of Share Capital**" of this Prospectus).

As of the date of this Prospectus, the Company's capital is one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000), divided into one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Company's capital post-Offering will be one billion, seven hundred and eight million, five hundred and eighteen thousand, nine hundred and thirty Saudi Riyals (SAR 1,708,518,930), divided into one hundred and seventy million, eight hundred and fifty one thousand, eight hundred and ninety three (170,851,893) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, as a result of the Company's capital increase through the issue and Offering of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new shares (representing 10.2% of the Company's capital post-Offering) for public subscription.

The initial public offering (hereinafter referred to as the "**Offering**") consists of the offering of fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) ordinary shares through (a) the sale of thirty-three million, eight hundred and twenty-eight thousand, six hundred and seventy-five (33,828,675) existing ordinary shares of the Company (hereinafter referred to as the "**Sale Shares**") as follows: (i) the sale of ten million, five hundred twenty-three thousand and thirty-six (10,523,036) ordinary shares, representing approximately 6.16% of the Company's share capital post-Offering, by the National Flight Services Company; (ii) the sale of ten million and sixty-seven (10,000,067) ordinary shares, representing approximately 5.85% of the Company's share capital post-Offering, by Kingdom Holding Company; (iii) the sale of two million, three hundred and seventy-seven thousand, seven hundred and seventy (2,377,770) ordinary shares, representing approximately 1.39% of the Company's share capital post-Offering, by Nasser Ibrahim Rashid Al Rashid; (iv) the sale of one million, three hundred and eighteen thousand, eight hundred and eighty-six (1,318,886) ordinary shares, representing approximately 0.77% of the Company's share capital post-Offering, by Mawarid Investment Company; (v) the sale of six hundred and forty-six thousand, two hundred and twenty-seven (646,227) ordinary shares, representing approximately 0.38% of the Company's share capital post-Offering, by Hamza Bahi Adeen Alsayed Al Kholi; (vi) the sale of three hundred and twenty-three thousand, one hundred and fourteen (323,114) ordinary shares, representing approximately 0.19% of the Company's share capital post-Offering, by the Saudi General Investment Trading and Services Company; (vii) the sale of two hundred and twenty thousand and eighty-four (220,084) ordinary shares, representing approximately 0.13% of the Company's share capital post-Offering, by Salman Mohammed Khalid Bin Hethlain; (viii) the sale of ninety-nine thousand, two hundred and fifty-four (99,254) ordinary shares, representing approximately 0.06% of the Company's share capital post-Offering, by Yousef Abdulsattar Qassem Al Maimani (collectively referred to hereafter as the "**Selling Shareholders**"); and (ix) the sale of eight million, three hundred and twenty thousand, two hundred and thirty-seven (8,320,237) ordinary shares, representing approximately 4.87% of the Company's share capital post-Offering, by the Company, and (b) the issuance and sale of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new ordinary shares (collectively referred to as the "**Offer Shares**" and each individually as an "**Offer Share**") at an Offer Price of eighty Saudi Riyals (SAR 80) per share (hereinafter referred to as the "**Offer Price**") with a nominal value of ten Saudi Riyals (SAR 10) per share. The Sale Shares and the New Shares represent 19.8% and 10.2%, respectively, of the Company's total post-Offering share capital, which equates to a total of 30% of the Company's post-Offering share capital.

The Offering shall be restricted to the following two tranches of investors (hereinafter referred to as "**Investors**"), namely:

Tranche A - Participating Parties: This tranche comprises the parties entitled to participate in the book building process as specified under the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued by the Capital Market Authority ("**CMA**") pursuant to Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G) (hereinafter referred to as the "**Book-Building Instructions**") (collectively referred to as the "**Participating Parties**") (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be provisionally allocated to the Participating Parties is fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares will be made after the end of subscription by Individual Subscribers. In the event that Individual Subscribers (as defined in Tranche B below) subscribe to the full number of the Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of forty-one million, four thousand, four hundred and fifty-four (41,004,454) Offer Shares, representing 80% of the total Offer Shares. The number and percentage of Offer Shares that will be allocated to the Participating Parties will be determined by the Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. Certain Participating Parties may not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors.

Tranche B - Individual Subscribers: This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, as well as any non-Saudi natural person who is a resident in the Kingdom, or GCC nationals who have an investment account and an active portfolio with one of the Receiving Agents, and are entitled to open an investment account with a Capital Market Institution (referred to collectively as the "**Individual Subscribers**" and each individually as an "**Individual Subscriber**", and together with Participating Parties, the "**Subscribers**"). A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of ten million, two hundred and fifty-one thousand, one hundred and fourteen (10,251,114) shares of the Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe to the full number of Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to Individual Subscribers in proportion to the number of shares to which they have subscribed.

The Offer Shares will be allocated to certain qualified foreign investors and foreign investors located outside the United States through swap agreements with Capital Market Institutions, licensed by CMA to deal in securities, to purchase and trade in the Shares listed on the Stock Exchange for the benefit of Foreign Investors in accordance with the Rules for Foreign Investment in Securities. This category will subscribe outside the United States in accordance with Regulation S issued under the U.S. Securities Act of 1933G, as amended (hereinafter referred to as the "**U.S. Securities Act**"). It is to be noted that the Offer Shares have not been and will not be registered under the U.S. Securities Act or under any other law in the United States. The Offering is a public subscription for the purpose of offering the Offer Shares within the Kingdom. The Offering may not be considered an offer to sell securities or an solicitation of an offer to purchase them in any jurisdiction where it is not legal to do so.

The net proceeds of the Offering, after deduction of the Offering expenses (hereinafter referred to as the "**Net Offering Proceeds**") will be distributed and allocated as follows: (1) an amount of Two billion, six hundred forty million, two hundred ninety-three thousand, nine hundred ninety Saudi Riyals (SAR 2,640,293,990) will be distributed to the Selling Shareholders in proportion to each shareholder's ownership percentage in the shares to be sold during the Offering; and (2) an amount of One billion, three hundred sixty million, one hundred fifty-one thousand, four hundred fifty Saudi Riyal (1,360,151,450) obtained from the sale of the new shares resulting from the capital increase for the purpose of the Offering (hereinafter referred to as the "**IPO Proceeds**") will be distributed to the Company for use in expanding and enlarging the Company's fleet, network and the scope of its operations, as well as for general corporate purposes (for further information regarding the Offering Proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus).

The Offering has been fully underwritten by the Underwriters (for further details regarding the underwriting, please refer to Section 14 "**Underwriting**" of this Prospectus). Substantial Shareholders who own 5% or more of the Company's shares may not dispose of their shares for a period of 6 months (hereinafter referred to as the "**Lock-up Period**") as of the date trading commences on the Saudi Exchange (hereinafter referred to as the "**Tadawul**" or the "**Exchange**"), as set out on page (vi) of this Prospectus.

The Substantial Shareholders of the Company who directly own 5% or more of its shares as of the date of this Prospectus are: (1) National Flight Services Company, (2) Kingdom Holding Company, and (3) Nasser Ibrahim Rashid Al Rashid (hereinafter referred to as the "**Substantial Shareholders**"), whose ownership percentages in the share capital of the Company pre- and post-Offering are set out in Table 0.2 "**The Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre- and Post-Offering**" of this Prospectus. The Substantial Shareholders own 84.909% of the Company's Shares pre-Offering. Upon completion of the Offering, the Substantial Shareholders will own 62.844% of the Company's shares and will therefore retain a controlling interest.

The Offering Period will commence on Wednesday 01/12/1446H (corresponding to 28/05/2025G) , and will continue for a period of three (3) days up to and including the closing day on Sunday 05/12/1446H (corresponding to 01/06/2025G) (hereinafter referred to as the "**Offering Period**"). Subscription to the Offer Shares by Individual Subscribers can be made during the Offering Period through the websites and electronic platforms of any of the Receiving Agents listed on page (x) (hereinafter referred to as the "**Receiving Agents**"), during the Offering Period (for further information, please refer to Section 18.3.2 "**Subscription by Individual Subscribers**" of this Prospectus). Participating Parties can subscribe for the Offer Shares through the Bookrunner during the book-building process, which will take place prior to the Offering of the Shares to Individual Subscribers.

Each of the Individual Subscribers who subscribe for the Offer Shares must apply for not less than ten (10) Offer Shares and not more than two hundred and fifty thousand (250,000) Shares. The minimum allocation per Individual Subscriber is ten (10) Shares. The balance of Offer Shares (if any) will be allocated pro rata based on the proportion of shares applied for by each Individual Subscriber to the total number of shares applied for. If the number of Individual Subscribers exceeds One million, twenty-five thousand, one hundred eleven (1,025,111) subscribers, the Company shall not guarantee the minimum allocation. In such case, the allocation will be made at the discretion of the Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. Excess subscription monies (if any) will be refunded to Individual Subscribers without any commissions or withholdings being made by the relevant Receiving Agents. Notification of the final allocation no later than Tuesday 07/12/1446H (corresponding to 03/06/2025G), and the refund of excess subscription amounts (if any) will be made no later than Thursday 09/12/1446H (corresponding to 05/06/2025G) (for further information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xix) and Section 18 "**Use of Offering Proceeds**" of this Prospectus).

The Company has one class of ordinary shares. Each share grants its holder one vote. Shareholders of the Company (hereinafter referred to as a "**Shareholder**") is entitled to attend and vote at the general assembly meetings of the Shareholders (hereinafter referred to as the "**General Assembly**"). Shareholders may appoint another person to vote on their behalf and may authorize any other Shareholder who is not a member of the Company's Board of Directors or an employee of the Company to attend General Assembly meetings and vote on the resolutions thereof. No Shareholder shall have any preferential voting rights. Holders of the Offer Shares shall be entitled to their share of any dividends declared by the Company as of the date of this Prospectus (hereinafter referred to as the "**Prospectus**") and for subsequent financial years (for further information regarding the dividend distribution policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offering of the shares, and an application to the Exchange for listing of the shares. All of the necessary documents have been submitted to the relevant authorities. All requirements have been met, and all approvals pertaining to the Offering have been obtained, including this Prospectus. Trading of the shares on the Exchange is expected to commence upon completion of the final allocation and the fulfillment of all relevant regulatory requirements (for further information, please refer to the "**Key Dates and Subscription Procedures**" on page (xix) of this Prospectus). After admission of the Company's shares to listing on the Exchange, Saudi Arabian nationals, residents holding valid residency permits in the Kingdom, and companies, banks and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares. The following categories will be able to invest in the Company's shares under the Rules for Foreign Investment in Securities (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus): (1) Qualified Foreign Investors (hereinafter referred to as "**Qualified Foreign Investors**"), (2) Strategic Foreign Investors, and (3) any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to conduct management activities, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without needing to obtain prior approval from the client. Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom (referred to hereinafter as the "**Foreign Investors**") are also entitled to invest indirectly in the Shares by acquiring the economic benefits of the shares through entering into swap agreements with a Capital Market Institution licensed by the CMA (referred to hereinafter as the "**Capital Market Institutions**") to purchase and trade in the Shares listed on the Stock Exchange for the benefit of Foreign Investors in accordance with the Rules for Foreign Investment in Securities (as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Under such swap agreements, the Capital Market Institutions will be the registered legal owners of such shares. It should be noted that certain investors outside the USA will be given the opportunity to invest in the Offer Shares under the US Securities Act.

Persons wishing to subscribe to the Company's shares should carefully read and examine the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority (referred to as the "CMA") and the application for the listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page (v) of this Prospectus, collectively and individually bear full responsibility for the accuracy of the information contained in this Prospectus and they confirm that, to the best of their knowledge and belief, having made all possible inquiries and to a reasonable extent, that there are no other facts the omission of which would lead to make any statement herein misleading. The CMA and the Exchange assume no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from or incurred in reliance upon any part of this Prospectus.

Lead Manager

BSF Capital

Financial Advisors and Underwriters

BSF Capital | Goldman Sachs | Morgan Stanley

Bookrunners

BSF Capital | Goldman Sachs | Morgan Stanley | citi | alrajhi capital | anb capital | Emirates NBD Capital KSA

Receiving Agents

BSF Capital | bidaya | SNB Capital | Riyad Capital | Albilad Capital | Aljazira Capital | Alistithmar Capital | derayah | alinma capital | anb capital | Yaqeen | Alkhabeer Capital | SAB Invest | Sahm | GIB Capital

This Prospectus is dated 26/09/1446H (corresponding to 26/03/2025G).


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Important Notice

This Prospectus contains sufficient detailed information about the Company and the Offer Shares. When applying to subscribe for the Offer Shares, investors from the Participating Parties and Individual Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which can be obtained by visiting the websites of the Company (www.flynas.com), the CMA (www.cma.org.sa) and the Financial Advisors, Goldman Sachs Saudi Arabia (www.goldmansachssaudiarabia.com), BSF Capital (www.bsfcapital.sa) and Morgan Stanley Saudi Arabia (www.morganstanleysaudiarabia.com).

The Company has appointed Goldman Sachs Saudi Arabia, BSF Capital and Morgan Stanley Saudi Arabia as financial advisors (hereinafter referred to as the "**Financial Advisors**") and underwriters for the Offering (hereinafter referred to as the "**Underwriters**") with respect to the Offer Shares described in this Prospectus. The Company has also appointed BSF Capital as the lead manager (hereinafter referred to as the "**Lead Manager**"), and Emirates NBD Capital KSA, Goldman Sachs Saudi Arabia, Al Rajhi Capital, Saudi Fransi Capital, Citigroup Saudi Arabia, anb capital, and Morgan Stanley Saudi Arabia as bookrunners (hereinafter referred to as the "**Bookrunners**").

This Prospectus includes information submitted in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Directors of the Company, whose names appear on page (v) of this Prospectus, jointly and individually bear full responsibility for the validity of the information contained in this Prospectus and confirm that, to the best of their knowledge and belief, after conducting all possible inquiries and to a reasonable extent, there are no other facts the omission of which make any statement herein misleading.

While the Company has carried out all reasonable inquiries to ensure the validity of the information included in this Prospectus as of the date hereof, a substantial portion of the information provided on the market and the industry in which the Company operates has been obtained from external sources. Although neither the Company nor the Directors or any of the Advisors, whose names appear on pages (vii) to (ix) of this Prospectus, have any reason to believe that the market and industry information is materially inaccurate, this information has not been independently verified, and therefore, no representation or assurance is made with respect to the accuracy or completeness of such information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the Company's financial position and share value could be adversely affected by future developments related to inflation, interest rates, taxation, or any other economic or political factors beyond the Company's control (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Neither this Prospectus nor any verbal, written or printed communications in connection with the Offer Shares shall be considered, relied upon in any way, or construed as a promise, confirmation or representation regarding future earnings, results, or events.

This Prospectus should not be considered as a recommendation by the Company, its Directors, the Substantial Shareholders, the Receiving Agents or any of the Advisors to participate in the subscription for the Offer Shares. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making a decision to invest in the Offer Shares, each recipient of this Prospectus is responsible for obtaining professional advice from a CMA-licensed financial advisor in relation to subscribing for the Offer Shares to consider the appropriateness of both the investment and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription to the Offer Shares shall be limited to two tranches of investors as follows:

Tranche A - Participating Parties: This tranche comprises a number of parties entitled to participate in the book building process as per the Book Building Instructions (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B - Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, provided that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents, and are entitled to open an investment account with a Capital Market Institution. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

This Prospectus does not constitute an offer to sell or solicitation of an offer to purchase any of the Offer Shares by any person in any jurisdiction where the law in force does not permit such person to make such an offer or solicitation. The Offer Shares will be offered outside the USA to certain Qualified Foreign Investors and foreign investors under the US Securities Act. It is expressly prohibited to distribute this Prospectus or sell the Offer Shares in any country other than the Kingdom, other than to qualified foreign financial institutions and/or Foreign Investors through the conclusion of swap agreements, provided that the laws and directives regulating the same are observed.

The Company, the Substantial Shareholders and the Financial Advisors request that recipients of this Prospectus review and adhere to all regulatory restrictions related to the Offering and sale of the Offer Shares. Individual Subscribers and Participating Parties should read this Prospectus in full and seek professional advice from a CMA-licensed financial advisor, their attorneys, accountants and professional advisors regarding statutory, tax, regulatory and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with such advice. Neither the Company nor the Substantial Shareholders or Financial Advisors can provide any guarantees in terms of achieving profits.

Market and Industry Information

The information and data contained in Section 3 "**Market and Industry Information**" of this Prospectus relating to the market and industry in which the Company operates were obtained from the Market Study prepared on 19/08/1445H (corresponding to 29/02/2024G) by the Market Consultant, A.T. Kearney Saudi Arabia Ltd (hereinafter referred to as the "**Market Consultant**").

A.T. Kearney Saudi Arabia Ltd is one of the world's leading management consulting firms and has been providing trusted services to companies, government entities and non-profit organizations for almost one hundred years.

The Directors believe that the information and data contained in this Prospectus which has been obtained or extracted from other sources, including the market study prepared by the Market Consultant, are reliable and can be depended on. However, such information has not been independently verified by the Company, its Directors, Advisors or the Substantial Shareholders. As such, they cannot provide any guarantee as to its accuracy, correctness or completeness.

Neither the Market Consultant nor any of its shareholders, directors or their relatives own any shares or interest of any kind in the Company. The Market Consultant has given its written consent to use the market research data in the form and manner stated in this Prospectus and has not withdrawn such consent as of the date of this Prospectus.

Financial Information

The Company's financial statements for the financial year ended 31 December 2021G (the "**2021 Financial Statements**") and the Company's reissued financial statements for the financial years ended 31 December 2022G (the "**2022 Financial Statements**") and 2023G (the "**2023 Financial Statements**" and together with the 2021 Financial Statements and the 2022 Financial Statements, the "**Annual Financial Statements**"), along with the notes thereto, have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("**SOCPA**"), and have been audited by PricewaterhouseCoopers Public Accountants (referred to hereinafter as the "**Independent Auditor**") as described in the audit reports issued on these financial statements. The Independent Auditor's report on the Company's audited reissued financial statements for the financial year ended 31 December 2022G includes an emphasis of matter paragraph drawing attention to Notes No. 2.1.4 and 37 to the reissued financial statements which describe the details of amendments to the previously issued financial statements for the year ended 31 December 2022G. The financial statements issued previously in May 2023G have been amended primarily to change the accounting policy relating to the distribution of non-cash assets to Shareholders from fair value to net book value and certain other prior period restatements. Also, the Independent Auditor's report on the Company's audited reissued financial statements for the financial year ended 31 December 2023G includes an emphasis of matter paragraph drawing attention to Notes No. 2.5 and 38 on the reissued financial statements which describe that the 2023 Financial Statements have been amended due to the consequential impact of changes made in the Company's reissued financial statements for the previous period ended 31 December 2022G, that were reissued in March 2025G. These changes primarily relate to the change of accounting policy relating to the distribution of non-cash assets to Shareholders from fair value to net book value, and certain other prior period adjustments related to the year ended 31 December 2022G. The unaudited condensed interim financial information for the nine-month period ended 30 September 2024G and the accompanying notes thereto have been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom. The Independent Auditor's report on the review of the condensed interim financial information for the three-month and nine-month periods ended 30 September 2024G includes an emphasis of matter paragraph drawing attention to Note 1.1 which describes that the condensed interim financial information as of and for the three-month and nine-month periods ended 30 September 2024G has been prepared for inclusion in the Company's initial public offering application to be filed with the CMA and should not be used for any other purpose. The Company's audited financial statements for the financial year ended 31 December 2021G and the Company's reissued audited financial statements for the financial years ended 31 December 2022G and 2023G and the unaudited condensed interim financial information for the nine-month period ended 30 September 2024G (the "**Interim Financial Information**") have been included in Section 20 "**Financial Statements and Independent Auditor's Report**" of this Prospectus. The Company presents its financial statements in Saudi Riyals.

Certain financial and statistical information contained in this Prospectus has been rounded to the nearest integer. As such, if figures contained in the tables are casted, their total may not match the figures mentioned in the Prospectus.

Restatement of Comparative Information

During the financial year ended 31 December 2022G, certain comparative financial information for the financial year ended 31 December 2021G have been restated in the 2022 Financial Statements due to a change in accounting policies relating to the distribution of non-cash assets to Shareholders from fair value to net book value, and certain other prior period restatements. For details on the restated items, please refer to Note No. 37 of the 2022 Financial Statements.

During the financial year ended 31 December 2023G, certain comparative financial information for the financial year ended 31 December 2022G have been restated in the 2023 Financial Statements due to the consequential impact of changes made to the Company's reissued financial statements in March 2025G for the previous period ended on 31 December 2022G. For details on the restated items, please refer to Note No. 38 of the 2023G Financial Statements in Section 20 "**Financial Statements and Independent Auditor's Report**" of this Prospectus.

Forecasts and Forward-looking Statements

Forecasts contained in this Prospectus have been prepared on the basis of assumptions relating to the Company's information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, the statements contained in this Prospectus have been made following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking terms such as "plans", "determines", "intends", "estimates", "expects", "is expected", "may", "possibly", "will", "would be" or the negative thereof or other variations of such terms or comparable terminology. These statements reflect the Company's current views regarding future events, but do not constitute a guarantee or confirmation of any future actual performance of the Company. There are many factors that may affect the actual performance of the Company and its achievements or results and could cause them to be significantly different from what is expressed or implied by these statements. The most important risks and factors that could have such an impact have been reviewed in more detail in other sections of this Prospectus (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should one or more of these factors materialize, or any forecasts or assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus if, at any time after the date of publication of this Prospectus and prior to completion of the Offering, the Company becomes aware that: (i) there has been a significant change in material matters contained in the Prospectus or any document required by the Rules on the Offer of Securities and Continuing Obligations; or (ii) any significant issues arise that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, as well as other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Definitions and Abbreviations

For an interpretation of some of the terms and phrases contained in this Prospectus, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus.

Type and Format of Figures Contained in the Prospectus

This Prospectus has been prepared using Arabic numerals, namely 1, 2, 3, 4, 5, 6, 7, 8, 9 and 0. Certain figures have been formatted to be written in decimal, whereby a decimal point is placed to the right of the decimal place with the base value. Each digit to the right of this decimal point has a base value of one-tenth of the value of the previous digit to the left. Accordingly, the figure 123.4 represents one hundred and twenty-three and four-tenths.

General Provisions

Certain figures and percentages in this Prospectus have been rounded to the nearest integer. Thus, figures shown for the same category which are presented in different tables may differ slightly, and the total figures provided in certain tables may not be an arithmetic aggregation of the figures preceding them due to this rounding.

In this Prospectus, Hijri dates are mentioned along with their corresponding Gregorian dates. The Hijri calendar is prepared based on the upcoming lunar cycles, however the beginning of each month is determined by the actual observation and sighting of the moon. For this reason, conversions from the Hijri calendar to the Gregorian calendar are often subject to discrepancies of one or a few days. In addition, any reference to "year" or "years" is a reference to Gregorian years, unless otherwise expressly specified in this Prospectus.

Corporate Directory

Members of the Board of Directors

Table 0.1: The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status[1]	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment in the Current Session of the Board	Start Date of the Current Session of the Board[2]
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering		
1	Ayed Thawab Manea Allah Al Jeaid	Chairman	Saudi	68 years	Non-executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
2	Talal Ibrahim Ali Al Maiman	Vice Chairman	Saudi	70 years	Non-executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
3	Hamza Bahi Adeen Alsayed Al Kholi	Director	Saudi	79 years	Non-executive	2.40%	1.80%	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
4	Mohamed Saleh Mohamed Al Bati	Director	Saudi	49 years	Independent	N/A	N/A	N/A	N/A	20/12/1445H (corresponding to 26/06/2024G)[3]	12/05/1445H (corresponding to 26/11/2023G)
5	Abdullah Fahd Abdulaziz Al Fares	Director	Saudi	41 years	Independent	N/A	N/A	N/A	N/A	20/12/1445H (corresponding to 26/06/2024G)[3]	12/05/1445H (corresponding to 26/11/2023G)
6	Bander Abdulrahman Nasser Al-Mohanna	Managing Director	Saudi	54 years	Executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)

(1) Paragraph (c) of Article 19 of the Corporate Governance Regulations stipulates the factors that negate the independence requirement for an independent Director, including, but not limited to, the following:

- Them owning 5% or more of the Company's shares or the shares of another company in its group, or being related to a person who owns this percentage.
- Them being related to any of the Directors of the Company or another company in its Group.
- Them being a relative of any to any the Senior Executives of the Company or another company in its Group.
- Them being a Director of another company from the group of the Company which they are nominated for board membership.
- They are or have been an employee during the preceding two years of the Company or another company in its Group, or are a controlling shareholder of the Company or any party dealing with the Company or another company in its Group, such as auditors and major suppliers, during the previous two years.
- Them having a direct or indirect interest in the business and contracts carried out on behalf of the Company.
- Them receiving financial consideration from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees that exceeds SAR 200,000 or 50% of their remuneration in the previous year that they received for membership on the Board of Directors or any of its committees, whichever is less.
- Them participating in a business that competes with the Company, or trading in one of the branches of the activity practiced by the Company.
- Them serving for more than nine years consecutively or inconsecutively as a Director of the Company.

(2) The dates mentioned in this table are the start dates of the current term of the Directors, noting that the current term ends on 26/06/1449H (corresponding to 25/11/2027G).The respective biographies of the Directors indicate the date of their appointment to the Board or to any other position (for further information, please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus).

(3) Directors Mohamed Saleh Mohamed Al Bati and Abdullah Fahd Abdulaziz Al Fares were appointed pursuant to the Board resolution dated 20/12/1445H (corresponding to 26/06/2024G) and the General Assembly's resolution approving such appointment dated 30/03/1446H (corresponding to 03/10/2024G) following the resignation of former Directors Saad Ibrahim Al Moosa and Saleh Abdullah Al Henaki.

Source: Company's information

Company Address	
Flynas Company Abu Bakr Al Siddiq Road – 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia Tel.: +966 11 2161111 Fax: +966 11 4657199 Website: www.flynas.com E-mail: info@flynas.com	

Company Representatives	
Talal Ibrahim Ali Al Maiman Vice Chairman Abu Bakr Al Siddiq Road – 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia Tel.: +966 11 2111111 Fax: +966 11 4657199 Website: www.flynas.com E-mail: tim@kingdom.com.sa	**Bander Abdulrahman Nasser Al-Mohanna** Managing Director and CEO Abu Bakr Al Siddiq Road – 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia Tel.: +966 11 4078111 Fax: +966 11 4657199 Website: www.flynas.com E-mail: balmohanna@flynas.com

Secretary
Youssef Mohamed Abdullah Al Moalim Abu Bakr Al Siddiq Road – 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia Tel.: +966 11 4078113 Fax: +966 11 4657199 Website: www.flynas.com E-mail: yalmoalim@flynas.com

Exchange
Saudi Exchange (Tadawul) King Fahd Road - Al Olaya 6897, Unit No. 15, Riyadh 12211-3388, Kingdom of Saudi Arabia Tel.: +966 11 92000 1919 Fax: +966 11 218 9133 Website: www.saudiexchange.sa E-mail: csc@saudiexchange.sa

Depository Center
Securities Depository Center Company (Edaa) King Fahd Road - Al Olaya 6897, Unit No. 11, Riyadh 12211–3388, Kingdom of Saudi Arabia Tel.: +966 11 92002 6000 Fax: +966 11 218 9133 Website: www.edaa.com.sa E-mail: cc@edaa.com.sa

Advisors

Financial Advisors and Underwriters
BSF Capital King Fahd Road, Al Olaya 8092, P.O. Box 23454, Riyadh 11426, Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa E-mail: FlyNas.IPO@bsfcapital.sa
Goldman Sachs Saudi Arabia Kingdom Tower, 25th Floor, P.O. Box 52969, Riyadh 1157, Kingdom of Saudi Arabia Tel.: +966 11 279 4800 Fax: +966 11 279 4807 Website: www.goldmansachssaudiarabia.com E-mail: GS-Project-Lead-Core@ny.email.gs.com
Morgan Stanley Saudi Arabia Al-Maather Street, Al Rashid Tower - 10th Floor, P.O. Box 66633, Riyadh 11586, Kingdom of Saudi Arabia Tel.: +966 11 2187000 Fax: +966 11 2187003 Website: www.morganstanley.com E-mail: ms_lead_core@morganstanley.com

Lead Manager
BSF Capital King Fahd Road, Al Olaya 8092, P.O. Box 23454, Riyadh 11426, Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa E-mail: FlyNas.IPO@bsfcapital.sa

Bookrunners
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Morgan Stanley Saudi Arabia Al-Maather Street Al Rashid Tower - 10th Floor P.O. Box 66633 Riyadh 11586 Kingdom of Saudi Arabia Tel.: +966 11 2187000 Fax: +966 11 2187003 Website: www.morganstanley.com E-mail: ms_lead_core@morganstanley.com
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Al Rajhi Capital King Fahd Road P.O. Box 5561 Riyadh 11432 Kingdom of Saudi Arabia Tel.: +966 11 92000 5856 Fax: +966 11 460 0625 E-mail: ProjectLead@alrajhi-capital.sa
anb capital 3851 Al Mouayyad Al Jadid, Al Murabbaa District P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966 11 406 2500 Fax: +966 11 406 2548 Website: www.anbcapital.com.sa
Emirates NBD Capital KSA Signature Center, 2nd Floor Prince Turki Bin Abdulaziz Al Awwal Road, Hittin District, P.O. Box 341777 Riyadh 11333 Kingdom of Saudi Arabia E-mail: ProjectLead@EmiratesNBD.com

Legal Advisor to the Company
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Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters
Gibson Dunn and Crutcher Law Firm King Abdullah Financial Distrcit (KAFD) Area 4, Building 4.07, Level 7", Riyadh 13519, Kingdom of Saudi Arabia Tel.: +966 11 827 4046 Website: www.gibsondunn.com E-mail: GDC-SaudiCapitalMarkets@gibsondunn.com
Financial Due Diligence Advisor
KPMG Professional Services KPMG Tower, Roshn Front, Airport Road, P.O. Box 92876, Riyadh 11663, Kingdom of Saudi Arabia Tel.: +966 11 874 8500 Fax: +966 11 874 8600 Website: www.kpmg.com/sa E-mail: marketingsa@kpmg.com
Independent Auditor for the Financial Years Ended 2021G, 2022G, and 2023G, and 2024G the Nine-Month Period Ended 30 September 2024G
PricewaterhouseCoopers Public Accountants Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia Tel.: +966 11 211 0400 Fax: +966 11 211 0401 Website: www.pwc.com/middle-east E-mail: info@sa.pwc.com
Market Consultant
A.T. Kearney Saudi Arabia Ltd Al Faisaliah Tower, 27th Floor, King Fahd Road, Al Olaya District, P.O. Box 25495, Riyadh 11466, Kingdom of Saudi Arabia Tel.: +966 11 290 5200 Fax: +966 11 206 1258 Website: middle-east.kearney.com E-mail: ME-Project-Lead@kearney.com

Receiving Agents

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Riyad Capital Company 2414 - Al Shuhada District, Unit No. 69 P.O. Box 13241 Riyadh 7279 Kingdom of Saudi Arabia Tel.: +966 11 4865649 Fax: +966 11 4865908 E-mail: ask@riyadcapital.com Website: www.riyadcapital.com	
Al Bilad Investment Company Riyadh - King Fahd Road - Olaya District – 12313 - 3701 Kingdom of Saudi Arabia Tel.: +966 920003636 Fax: +966 11 2906299 E-mail: investmentbanking@albilad-capital.com Website: www.albilad-capital.com	
Al Jazira Financial Markets Company (Al Jazira Capital) King Fahd Road - Al Rahmaniyah District P.O. Box. 20438 Riyadh 11455 Kingdom of Saudi Arabia Tel.: +966 11 2256000 Fax: +966 11 2256182 E-mail: contactus@aljaziracapital.com.sa Website: www.aljaziracapital.com.sa	

Investment Securities and Brokerage Company Riyadh, King Fahd Road Kingdom of Saudi Arabia P.O. Box 6888, Riyadh 11452 Tel.: +966 11 2547666 Fax: +966 11 4896253 E-mail: WebEcare@icap.com.sa Website: www.alistithmarcapital.com	الاستثمار كابيتال Alistithmar Capital
Derayah Financial Company Altakhassusi Street - Prestige Center - Third Floor Riyadh, Kingdom of Saudi Arabia Tel.: +966 11 2998000 Fax: +966 11 4195498 E-mail: support@derayah.com Website: www.derayah.com	دراية derayah
Alinma Investment Company Al Anoud Tower 2, King Fahad Road P.O. Box 55560, Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 11 218 5999 Fax: +966 11 218 5970 E-mail: info@alinmainvest.com Website: www.alinmainvestment.com	الإنماء المالية alinma capital
Al-Arabi Capital Company (anb Capital) Al-Arabi Capital Company Building, King Faisal Street P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966 11 406 2500 Fax: +966 11 406 2548 E-mail: investment.banking@anbcapital.com.sa Website: www.anbcapital.com.sa	anbcapital
Yaqeen Capital Company (Yaqeen Capital) Al Worood District - Olaya Street P.O. Box 884, Riyadh 11421 Kingdom of Saudi Arabia Tel.: +966 800 4298888 Fax: +966 11 2054827 E-mail: addingvalue@yaqeen.sa Website: www.yaqeen.sa	يقين Yaqeen
Alkhabeer Capital Company Madinah Street, Jeddah P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia Tel.: +966 12 6129345 Fax: +966 12 6856663 E-mail: info@alkhabeer.com Website: www.alkhabeer.com	الخبير المالية Alkhabeer Capital
Al Awal Investment Company (SAB Invest) Olaya Street P.O. Box 1467, Riyadh 11431 Kingdom of Saudi Arabia Tel.: 8001242442 Fax: +966 12 2169102 Email: customercare@sabinvest.com Website: www.sabinvest.com	الأول للاستثمار SAB Invest

Sahm Capital Company (Sahm Capital) King Abdullah Financial District, Tower 305, Riyadh 13519 Kingdom of Saudi Arabia Tel.: +966 11 414 5260 E-mail: info@sahmcapital.com Website: www.sahmcapital.com	
GIB Capital Building No. B1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589, Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 800 124 0121 Fax: +966 11 834 8400 E-mail: www.gibcapital.com Website: customercare@gibcapital.com	

As of the date of this Prospectus, each of the above-mentioned Advisors, the Independent Auditor and the Receiving Agents have provided and have not withdrawn their written consent to refer to their names and logos and for the inclusion of their statements and reports, as applicable, in this Prospectus in the form in which they appear herein, and neither they, their employees forming the team in charge of providing services to the Company, or any of their relatives, have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence. In the case of PricewaterhouseCoopers Public Accountants, as the Company's Independent Auditor, it has confirmed its independence in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) as endorsed in the Kingdom.

Offering Summary

This Offering summary aims to provide a brief overview of the information related to the Offering contained in this Prospectus in detail. However, this summary does not include all the information that may be important to prospective investors and that should be taken into consideration before deciding to invest in the Offer Shares. Therefore, persons wishing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed before taking any decision related to investing in the Offer Shares. Prospective investors should not rely on this summary alone in making their decision.

Company Name, Description and Incorporation	flynas Company is a Saudi joint-stock company established pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), registered under commercial registration number 1010294138 dated 21/09/1431H (corresponding to 31/08/2010G) with its registered address at 8018 – Unit No. 6, 4040 Abu Bakr Al-Siddiq Road, Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia. The Company was established on 26/08/1431H (corresponding to 07/08/2010G) as a limited liability company under the name "NasAir Limited Liability Company" with a fully paid-up capital of three hundred thousand Saudi Riyals (SAR 300,000), divided into thirty thousand (30,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. It was registered in Riyadh under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). On 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name "flynas Company", pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G). The Company's capital has been increased twice since its incorporation. The Company's capital was first increased pursuant to the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), whereby the capital of the Company was increased from three hundred thousand Saudi Riyals (SAR 300,000) to one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000), divided into one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing an increase of approximately 511,316.7% of the Company's capital. The increase was fulfilled through (i) a cash contribution from NAS Holding in the amount of four hundred and thirty-five thousand, eight hundred and six Saudi Riyals (SAR 435,806), and (ii) the capitalization of one billion, five hundred and thirty-three million, five hundred and fourteen thousand, one hundred and ninety-four Saudi Riyals (SAR 1,533,514,194) from the capital contributions account. Thereafter, on 19/12/1445H (corresponding to 25/06/2024G), the Extraordinary General Assembly of the Company approved an increase in the Company's capital from one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000) to one billion, seven hundred and eight million, five hundred and eighteen thousand, nine hundred and thirty Saudi Riyals (SAR 1,708,518,930), divided into one hundred and seventy million, eight hundred and fifty-one thousand, eight hundred and ninety-three (170,851,893) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, representing an increase of approximately 11.36% of the capital, through the issue and Offering of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new shares for public subscription. The Company's ownership structure has undergone several changes since its incorporation on 21/09/1431H (corresponding to 31/08/2010G). At incorporation, the Company's shares were owned by NAS Holding, which owned twenty-nine thousand, four hundred (29,400) shares, representing 98% of the Company's capital, and National Flight Services Company, with six hundred (600) shares, representing 2% of the Company's capital. On 27/06/1432H (corresponding to 30/05/2011G), the National Flight Services Company transferred its entire ownership in the Company in the amount of six hundred (600) shares with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). On 19/03/1438H (corresponding to 18/12/2016G), NAS Private Aviation Company transferred its entire shareholding of six hundred (600) shares in the Company, with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Holding, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). Finally, on 06/10/1445H (corresponding to 15/04/2024G), NAS Holding transferred all its shares in the Company, amounting to one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of fifty-nine million, eight hundred and sixty thousand, two hundred and ninety-eight (59,860,298) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each

Company Name, Description and Incorporation	, representing 39.016% of the Company's share capital; (ii) Kingdom Holding Company in the amount of fifty-six million, eight hundred and eighty-five thousand, three hundred and eighty-seven (56,885,387) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 37.077% of the Company's share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of thirteen million, five hundred and twenty-five thousand, nine hundred and forty-eight (13,525,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 8.816% of the Company's share capital; (iv) Mawarid Investment Company in the amount of seven million, five hundred and two thousand, four hundred and eighty-three (7,502,483) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 4.890% of the company's share capital; (v) Hamza Bahi Adeen Alsayed Al Kholi in the amount of three million, six hundred and seventy-six thousand and sixty-three (3,676,063) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 2.396% of the Company's share capital; (vi) Saudi General Investment Trading and Services Company in the amount of one million, eight hundred and thirty-eight thousand and thirty-two (1,838,032) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 1.198% of the Company's share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of one million, two hundred and fifty-one thousand, nine hundred and forty-eight (1,251,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.816% of the Company's share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of five hundred and sixty-four thousand, six hundred and four (564,604) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.368% of the Company's share capital. In addition, NAS Holding transferred its shares held directly in the Company to the Company, amounting to eight million, three hundred and twenty thousand, two hundred and thirty-seven (8,320,237) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, which was approved by the Company's Extraordinary General Assembly under its resolution issued on 27/11/1445H (corresponding to 04/06/2024G), representing 5.423% of the Company's share capital, to be held as treasury shares for use thereof to finance the Company's reward and incentive program (for further information regarding the Company's history and evolution of share capital, please refer to Section 4.1.2 "**Corporate History and Evolution of Share Capital**" of this Prospectus).
Company Activities	The Company is the largest independent airline in the Kingdom in terms of revenue and passengers. Its activities are concentrated in the air transportation sector, and administrative and support services related to air transportation.
	In accordance with the Company's Bylaws, the Company's activities consist of the following: 1. repair of transportation equipment excluding motor vehicles; 2. air transport of individuals; 3. cargo handling; 4. other transport support activities; 5. activities of operating agencies; 6. activities of travel agencies; and 7. activities of tour operators.
	Pursuant to its main and branch commercial registers, the Company's activities consist of the following: 1. travel and tourism agency; 2. repair and maintenance of aircraft; 3. scheduled air transport of individuals; 4. non-scheduled air transport of individuals; 5. on-demand air carrier; 6. operating airplanes for non-commercial purposes; 7. loading and unloading of cargo airplanes; 8. airplane brokerage services; 9. brokerage in the sale of airplane parts and simulation devices; and 10. providing services for Umrah performers and visitors to the Prophet's Mosque arriving from outside the Kingdom. As of the date of this Prospectus, the Company has not obtained a number of required licenses issued by GACA to undertake some of the activities included in its commercial register, which are licenses for: (1) on-demand air carrier; (2) non-commercial aircraft operation; (3) loading and unloading of air cargo aircraft; (4) aircraft brokerage services; and (5) brokerage in the sale of aircraft spare parts and simulators. The licenses referred to are related to activities that the Company does not undertake as of the date of this Prospectus and are not considered part of its current business (for further information regarding the Company's licenses and permits, please refer to Section 2.1.57 "**Risks Related to Licenses, Certificates, Permits and Governmental Approvals**" and Section 13.2.4 "**Key Licenses**" of this Prospectus).

Substantial Shareholders	The Company's Substantial Shareholders who directly own 5% or more of its shares are: (1) National Flight Services Company, (2) Kingdom Holding Company, and (3) Nasser Ibrahim Rashid Al Rashid. The following table shows the number of shares of the Substantial Shareholders and the percentage of their ownership in the Company pre- and post-Offering:

Table 0.2: The Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre- and Post-Offering

#	Shareholder[1]	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Percentage[2]	Number of Shares	Overall Nominal Value (SAR)	Percentage[2]
1.	National Flight Services Company	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
2.	Kingdom Holding Company	56,885,387	568,853,870	37.077%	46,885,320	468,853,200	27.442%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	135,259,480	8.816%	11,148,178	111,481,780	6.525%
Total		130,271,633	1,302,716,330	84.909%	107,370,760	1,073,707,600	62.844%

(1) None of the direct Substantial Shareholders owns any of the Company's Shares indirectly as of the date of this Prospectus.

(2) The ownership percentages have been rounded to the nearest decimal place.

Source: Company's information

It should also be noted that there are Substantial Shareholders in the Company who have indirect ownership of the Company's shares, each of whom indirectly owns 5% or more of the Company's shares, namely Khalid bin Sultan bin Abdulaziz Al Saud, Alwaleed bin Talal bin Abdulaziz Al Saud and the Public Investment Fund ("**PIF**"):

Table 0.3: The Company's Indirect Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Overall Nominal Value (SAR)	Percentage[1]	Number of Shares	Overall Nominal Value (SAR)	Percentage[1]
Khalid bin Sultan bin Abdulaziz Al Saud	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
Alwaleed bin Talal bin Abdulaziz Al Saud	44,447,223	444,472,230	28.970%	36,634,063	366,340,630	21.442%
Public Investment Fund (PIF)	9,593,665	95,936,650	6.255%	7,907,026	79,070,260	4.628%
Total	113,901,186	1,139,011,860	74.241%	93,878,351	938,783,510	54.947%

(1) The ownership percentages have been rounded to the nearest decimal place.

(2) The indirect ownership of Substantial Shareholders who indirectly own 5% or more is as a result of the following:

- Khalid bin Sultan bin Abdulaziz Al Saud owns 100% of the shares in National Flight Services Company, which in turn owns 39.016% of the Company's shares pre-Offering.
- Alwaleed bin Talal bin Abdulaziz Al Saud owns 78.14% of the shares in the Kingdom Holding Company, which in turn owns 37.077% of the Company's shares pre-Offering.
- The Public Investment Fund (PIF) owns 16.87% of the shares in the Kingdom Holding Company, which in turn owns 37.077% of the Company's shares pre-Offering.

Source: Company's information

Share Capital of the Company	One billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000) fully paid pre-Offering. The Company's share capital post-Offering will be one billion, seven hundred and eight million, five hundred and eighteen thousand, nine hundred and thirty Saudi Riyals (SAR 1,708,518,930).
Total Number of the Company's Shares	One hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) fully paid ordinary shares pre-Offering. The number of the Company's shares post-Offering will be one hundred and seventy million, eight hundred and fifty-one thousand, eight hundred and ninety-three (170,851,893) ordinary shares.

Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Offering	The initial public offering of fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) ordinary shares, consisting of (a) the sale of thirty-three million, eight hundred and twenty-eight thousand, six hundred and seventy-five (33,828,675) ordinary shares by the Selling Shareholders and the Company, and (b) the issuance and sale of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new ordinary shares (together representing 30% of the Company's share capital post-Offering) for public subscription at an Offer Price of eighty (80) Saudi Riyals per share.
Total Number of Offer Shares	Fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) fully paid ordinary shares.
Ratio of the Offer Shares to the Company's Share Capital	The Offer Shares represent 30% of the Company's shares post-Offering (and 33.4% of the Company's shares before the capital increase).
Offer Price	Eighty Saudi Riyals (SAR 80).
Total Value of the Offering	Four billion, one hundred million, four hundred forty-five thousand, four hundred forty Saudi Riyals (SAR 4,100,445,440).
Use of Offering Proceeds	The entire Offering proceeds, estimated at Four billion, four hundred forty-five thousand, four hundred forty Saudi Riyals (SAR 4,4,000,445,440) (after deducting all expenses and costs related to the Offering, which are estimated at one hundred million Saudi Riyals (SAR 100,000,000)), will be allocated as follows: (1) an amount of Two billion, six hundred forty million, two hundred ninety-three thousand, nine hundred ninety (2,640,293,990) will be distributed to the Selling Shareholders according to their ownership percentage in the Sale Shares to be sold in the Offering; and (2) the IPO Proceeds amounting to One billion, three hundred sixty million, one hundred fifty-one thousand, four hundred fifty (1,360,151,450) will be allocated to the Company for the purpose of expanding and growing the Company's fleet, network, and operational scope, in addition to general corporate purposes (for further information regarding the Offering Proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus).
Number of Offer Shares to be underwritten	Fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) ordinary shares.
Total Offering Value Underwritten	Four-billion one hundred million and four-hundred and fifty four thousands and four-hundred and forty Saudi Riyals (SAR 4,100,445,440).
Categories of Target Investors	Subscription to the Offer Shares shall be limited to two tranches of investors as follows: **Tranche A - Participating Parties**: This tranche includes the parties entitled to participate in the book building process as per the Book Building Instructions (for further information, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). **Tranche B - Individual Subscribers**: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, and any non-Saudi natural person who is a resident in the Kingdom, or GCC nationals who have an investment account and an active portfolio with one of the Receiving Agents, and are entitled to open an investment account with a Capital Market Institution.
Total Offer Shares Available for Each Category of Target Investors	
Number of Offer Shares Available for Participating Parties	Fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers subscribe for the entire Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of forty-one million, four thousand, four hundred and fifty-four (41,004,454)Offer Shares, representing 80% of the total Offer Shares.
Number of Offer Shares Available for Individual Subscribers	A maximum of ten million, two hundred and fifty-one thousand, one hundred and fourteen (10,251,114)Offer Shares, representing 20% of the total Offer Shares.
Subscription Method for Each Category of Target Investors	
Subscription Method for Participating Parties	Participating Parties may apply to participate in the book building process by filling out Bid Forms which will be made available by the Bookrunner to the Participating Parties during the book building process. After initial allocation, the Bookrunner will provide Subscription Application Forms to the Participating Parties to be completed in accordance with the instructions set out in Section 18 "**Subscription Terms and Conditions**" of this Prospectus.
Subscription Method for Individual Subscribers	Subscription Application Forms will be made available by the Receiving Agents during the Offering Period. Subscription Application Forms must be completed in accordance with the instructions set out in Section 18 "**Subscription Terms and Conditions**" of this Prospectus) and submitted to any of the Receiving Agents. Individual Subscribers may apply through the internet, telephone banking or ATMs of Receiving Agents that provide some or all of these services to their clients, provided that (a) the Individual Subscriber has a bank account with one of the Receiving Agents offering such services, (b) there have been no changes to the Individual Subscriber's information or details (such as the addition or removal of a family member) since their subscription in a recent initial public offering, and (c) non-Saudi and non-GCC Individual Subscribers have an account with a Capital Market Institution that offers such services.
Minimum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) shares.

Minimum Number of Offer Shares to be Applied for by Individual Subscribers	Ten (10) shares.
Minimum Subscription Amount for Each Category of Target Investors	
Minimum Subscription Amount for Participating Parties	Eight million Saudi Riyals (SAR 8,000,000).
Minimum Subscription Amount for Individual Subscribers	Eight hundred Saudi Riyals (SAR 800).
Maximum Number of Offer Shares that can be Subscribed for by Each Category of Target Investors	
Maximum Number of Offer Shares that can be Subscribed for by Participating Parties	Eight million, five hundred forty-two thousand, five hundred ninety-three (8,542,593) shares.
Maximum Number of Offer Shares that can be Subscribed for by Individual Subscribers	Two hundred and fifty thousand (250,000) shares.
Maximum Subscription Amount for Each Category of Target Investors	
Maximum Subscription Amount for Participating Parties	Six hundred and eighty-three million and four-hundred and seven thousand and four-hundred and forty Saudi Riyals (SAR 683,407,440).
Maximum Subscription Amount for Individual Subscribers	Twenty million Saudi Riyals (SAR 20,000,000).
Allocation of Offer Shares and Refund of Excess Subscription Monies (if any) for Each Category of Target Investors	
Allocation of Offer Shares and Refund of Excess Subscription Monies for Participating Parties	The provisional allocation will be made as the Financial Advisors deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. Certain Participating Parties may not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. Final allocation of the Offer Shares to Participating Parties shall be made through the Financial Advisors upon allocation of the Offer Shares to Individual Subscribers. The number of Offer Shares to be provisionally allocated to the Participating Parties is fifty-one million, two hundred and fifty-five thousand, five hundred and sixty-eight (51,255,568) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand from Individual Subscribers for the Offer Shares, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of forty-one million, four thousand, four hundred and fifty-four (41,004,454) Offer Shares, representing 80% of the total Offer Shares, upon allocation of the Offer Shares to Individual Subscribers. If there is sufficient demand from public funds, fifteen million, three hundred and seventy-six thousand, six hundred and seventy-seven (15,376,677) shares will provisionally be allocated to the public funds category, representing 30% of the total Offer Shares.
Allocation Method for Individual Subscribers	The Offer Shares are expected to be allocated no later than Tuesday, 07/12/1446H (corresponding to 03/06/2025G). The minimum allocation per Individual Subscriber is ten (10) shares, while the maximum allocation per Individual Subscriber is two hundred and fifty thousand (250,000) shares. The balance of Offer Shares (if any) will be allocated on a pro rata basis, based on the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds one hundred and two thousand, five hundred and twelve (102,512), the Company will not guarantee the minimum allocation. In such case, the shares will be allocated as deemed appropriate by the Financial Advisors in coordination with the Company, using the discretionary allocation mechanism (for further information, please refer to Section 18 "**Subscription Terms and Conditions**" of this Prospectus).
Refund of Excess Subscription Monies (if any)	The Lead Manager and Receiving Agents, as applicable, will notify the Subscribers of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in full without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation will be made on Tuesday, 07/12/1446H (corresponding to 03/06/2025G), and refund of subscription monies (if any) will be made no later than Thursday, 09/12/1446H (corresponding to 05/06/2025G).
Offering Period	The Offering Period will commence on Wednesday 01/12/1446H (corresponding to 28/05/2025G) and will remain open for a period of three (3) days up to and including the mid day on Sunday 05/12/1446H (corresponding to 01/06/2025G).
Entitlement to Dividends	Holders of the Offer Shares shall be entitled to receive any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further information, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).
Voting Rights	The Company has one class of ordinary shares. None of the shares carries any preferential voting rights. Each share entitles its holder to one vote. Each Shareholder has the right to attend and vote at the General Assembly meetings, and may delegate another Shareholder that is not a Director to attend the General Assembly meetings and vote on the resolutions thereof (for further information regarding voting rights, please refer to Section 13.3 "**Summary of the Company's Bylaws**" of this Prospectus).

Restrictions on the Shares (Lock-up Period)	The Substantial Shareholders will be subject to a lock-up period of six (6) months from the date on which trading of the Company's shares commences on the Exchange, whereby they may not dispose of their shares during such period. Following the Lock-up Period, the Substantial Shareholders may dispose of their shares without prior approval from the CMA.
Shares Previously Listed by the Company	Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. An application has been made by the Company to the CMA for registration and offer of the shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by the CMA have been obtained. It is expected that trading of the shares will commence on the Exchange shortly after completion of the share allocation (for further information, please refer to the "**Key Dates and Subscription Procedures**" section on page (xix) of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows: 1. risks related to the Company's activity and operations; 2. risks related to the market, sector and regulatory environment; and 3. risks related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus and should be considered carefully prior to deciding to invest in the Offer Shares.
Offering Expenses	The Selling Shareholders and the Company will bear all expenses and costs related to the Offering, which will be deducted from the Offering Proceeds on a pro-rata basis according to the number of Offer Shares that will be sold or issued by each of them. The Offering Expenses are estimated at approximately one hundred million Saudi Riyals (SAR 100,000,000) and include the fees of the Financial Advisors, Lead Manager, Bookrunners, Underwriters, Legal Advisor to the Company, Legal Advisor to the Underwriters, the Auditor, Market Consultant and the Financial Due Diligence Advisor, in addition to the fees of the Receiving Agents, as well as marketing, printing, distribution and translation expenses and other costs related to the Offering.
Underwriters	**Goldman Sachs Saudi Arabia** Kingdom Tower, 25th Floor P.O. Box 52969, Riyadh 1157 Kingdom of Saudi Arabia Tel.: +966 11 279 4800 Fax: +966 11 279 4807 Website: www.goldmansachssaudiarabia.com E-mail: GS-Project-Lead-Core@ny.email.gs.com
	BSF Capital King Fahd Road Al Olaya 8092 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa E-mail: FlyNas.IPO@bsfcapital.sa
	Morgan Stanley Saudi Arabia Al-Maather Street Al Rashid Tower - 10th Floor P.O. Box 66633, Riyadh 11586 Kingdom of Saudi Arabia Tel.: +966 11 2187000 Fax: +966 11 2187003 Website: www.morganstanley.com E-mail: www.morganstanley.com

Note: The "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed and examined prior to making any decision to invest in the Offer Shares under this Prospectus.

Key Dates and Subscription Procedures

Key Dates

Table 0.4: Expected Offering Timetable

Event	Date
Bidding and Book-Building Period for Participating Parties	A period of five (5) days commencing on Monday 14/11/1446H (corresponding to 12/05/2025G) until the end of Sunday 20/11/1446H (corresponding to 18/05/2025G).
Subscription Period for Individual Subscribers	A period of three (3) days commencing on Wednesday 01/12/1446H (corresponding to 28/05/2025G) until the mid of Sunday 05/12/1446H (corresponding to 01/06/2025G).
Deadline for Submission of Applications for the Participating Parties based on the Number of Shares Provisionally Allocated to Each of Them	Thursday 24/11/1446H (corresponding to 22/05/2025G).
Deadline for Payment of Subscription Monies for Participating Parties based on the Provisionally Allocated Offer Shares	Tuesday 29/11/1446H (corresponding to 27/05/2025G).
Deadline for Submission of Subscription Application Forms and Payment of Subscription Monies for Individual Subscribers	Sunday 05/12/1446H (corresponding to 01/06/2025G).
Announcement of the Final Allocation of the Offer Shares	No later than Tuesday 07/12/1446H (corresponding to 03/06/2025G).
Refund of Excess Subscription Monies (if any)	No later than Thursday 09/12/1446H (corresponding to 05/06/2025G).
Expected Date of Commencement of Trading on the Exchange	Trading of the Company's shares on the Exchange is expected to commence after fulfillment of all relevant statutory requirements. Trading will be announced through the website of Tadawul (www.saudiexchange.sa).

Note: The schedule and dates referred to above are indicative. Actual dates will be announced through announcements appearing on the websites of Tadawul (www.saudiexchange.sa), the Company (www.flynas.com) and the Financial Advisors, Goldman Sachs Saudi Arabia (www.goldmansachssaudiarabia.com), BSF Capital (www.bsfcapital.sa) and Morgan Stanley Saudi Arabia (www.morganstanleysaudiarabia.com)..

How to Apply

Subscription to the Offer Shares is limited to two tranches of investors as follows:

A. Participating Parties:

This tranche comprises a number of parties entitled to participate in the book building process as per the Book Building Instructions (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties can obtain the Bid Forms from any of the Bookrunners during the Book Building process and Subscription Application Forms from any of the Bookrunners after the initial allocation. The Bookrunners shall, after the approval of the CMA is obtained, offer the Offer Shares to the Participating Parties during the Book Building period only. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes the Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to any of the Bookrunners, representing a legally binding agreement between the Substantial Shareholders and the Participating Party submitting the application.

B. Individual Subscribers:

This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have an investment account and an active portfolio with one of the Receiving Agents, and are entitled to open an investment account with a Capital Market Institution. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Individual Subscribers who wish to subscribe in the Offer Shares must submit an online subscription application through the websites and online platforms of the Receiving Agents which offer such service to Individual Subscribers, or through any other method offered by the Receiving Agents through which Individual Subscribers may subscribe in the Company's Shares during the Offering Period, provided that:

- the Individual Subscriber has an investment account and active portfolio at one of the Receiving Agents that offers such services;
- there have been no changes in the personal information or data of the Individual Subscriber (the removal or addition of a family member) since their subscription in a recent IPO; and
- Individual Subscribers who are not Saudi or GCC nationals must have an investment account and active portfolio at one of the Capital Market Institutions that provide such service.

Subscription Application Forms must be completed in accordance with the instructions contained in Section 18 "**Subscription Terms and Conditions**" of this Prospectus. Applicants must complete all relevant items of the Subscription Application Form. The Company reserves the right to reject any investment, in part or in whole, if any of the subscription terms and conditions are not met. Once submitted, Subscription Application Forms may not be amended or withdrawn. Upon submission, a Subscription Application Form is considered a binding agreement between the relevant Subscriber and the Substantial Shareholders (for further information, please refer to Section 18 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the investing Subscriber's account held with the Receiving Agent from which the subscription value was initially debited, without any commissions or withholding by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further information regarding subscriptions by Individual Subscribers or Participating Parties, please refer to Section 18 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary of key information is intended to provide a brief background regarding the information contained in this Prospectus in detail. However, this summary does not include all the information that may be important to the prospective investors which must be taken into consideration prior to making a decision to invest in the Offer Shares. Accordingly, persons wishing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision related to an investment in the Offer Shares must be based on taking into account the entirety of this Prospectus. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully reviewed prior to making any decision related to investing in the Offer Shares. Prospective investors must not rely on this summary alone in making their decision.

Overview of the Company

flynas Company is a Saudi joint stock company established pursuant to Ministry of Commerce Resolution No. Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), under Commercial Registration No. 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). Its registered address is 8018 – Unit No. 6, Abu Bakr Al-Siddiq Road, 4040 Al-Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia.

The Company was established on 26/08/1431H (corresponding to 07/08/2010G) as a limited liability company under the name "NasAir Limited Liability Company" with a fully paid-up capital of three hundred thousand Saudi Riyals (SAR 300,000), divided into thirty thousand (30,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share. It was registered in Riyadh under commercial registration number 1010294138 on 21/09/1431H (corresponding to 31/08/2010G). On 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name "flynas Company", pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G). The Company's capital has been increased twice since its incorporation. The Company's capital was first increased pursuant to the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), whereby the capital of the Company was increased from three hundred thousand Saudi Riyals (SAR 300,000) to one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000), divided into one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing an increase of approximately 511,316.7% of the Company's capital. The increase was fulfilled through (i) a cash contribution from NAS Holding in the amount of four hundred and thirty-five thousand, eight hundred and six Saudi Riyals (SAR 435,806), and (ii) the capitalization of one billion, five hundred and thirty-three million, five hundred and fourteen thousand, one hundred and ninety-four Saudi Riyals (SAR 1,533,514,194) from the capital contributions account. Thereafter, on 19/12/1445H (corresponding to 25/06/2024G), the Extraordinary General Assembly of the Company approved an increase in the Company's capital from one billion, five hundred and thirty-four million, two hundred and fifty thousand Saudi Riyals (SAR 1,534,250,000) to one billion, seven hundred and eight million, five hundred and eighteen thousand, nine hundred and thirty Saudi Riyals (SAR 1,708,518,930), divided into one hundred and seventy million, eight hundred and fifty-one thousand, eight hundred and ninety-three (170,851,893) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, representing an increase of approximately 11.36% of the capital, through the issue and Offering of seventeen million, four hundred and twenty-six thousand, eight hundred and ninety-three (17,426,893) new shares for public subscription. The Company's ownership structure has undergone several changes since its incorporation on 21/09/1431H (corresponding to 31/08/2010G). At incorporation, the Company's shares were owned by NAS Holding, which owned twenty-nine thousand, four hundred (29,400) shares, representing 98% of the Company's capital, and National Flight Services Company, with six hundred (600) shares, representing 2% of the Company's capital. On 27/06/1432H (corresponding to 30/05/2011G), the National Flight Services Company transferred its entire ownership in the Company in the amount of six hundred (600) shares with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). On 19/03/1438H (corresponding to 18/12/2016G), NAS Private Aviation Company transferred its entire shareholding of six hundred (600) shares in the Company, with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 2% of the Company's capital at the time of transfer, to NAS Holding, in exchange for a cash amount of six thousand Saudi Riyals (SAR 6,000). Finally, on 06/10/1445H (corresponding to 15/04/2024G), NAS Holding transferred all its shares in the Company, amounting to one hundred and fifty-three million, four hundred and twenty-five thousand (153,425,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of fifty-nine million, eight hundred and sixty thousand, two hundred and ninety-eight (59,860,298) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 39.016% of the Company's share capital; (ii) Kingdom Holding Company in the amount of fifty-six million, eight hundred and eighty-five thousand, three hundred and eighty-seven (56,885,387) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 37.077% of the Company's share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of thirteen million, five hundred and twenty-five thousand, nine hundred and forty-eight (13,525,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 8.816% of the Company's share capital; (iv) Mawarid Investment

Company in the amount of seven million, five hundred and two thousand, four hundred and eighty-three (7,502,483) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 4.890% of the Company's share capital; (v) Hamza Bahi Adeen Alsayed Al Kholi in the amount of three million, six hundred and seventy-six thousand and sixty-three (3,676,063) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 2.396% of the Company's share capital; (vi) Saudi General Investment Trading and Services Company in the amount of one million, eight hundred and thirty-eight thousand and thirty-two (1,838,032) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 1.198% of the Company's share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of one million, two hundred and fifty-one thousand, nine hundred and forty-eight (1,251,948) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.816% of the Company's share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of five hundred and sixty-four thousand, six hundred and four (564,604) shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, representing 0.368% of the Company's share capital. In addition, NAS Holding transferred its shares held directly in the Company to the Company, amounting to eight million, three hundred and twenty thousand, two hundred and thirty-seven (8,320,237) shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share, which was approved by the Company's Extraordinary General Assembly under its resolution issued on 27/11/1445H (corresponding to 04/06/2024G), representing 5.423% of the Company's share capital, to be held as treasury shares for use thereof to finance the Company's reward and incentive program (for further information regarding the Company's history and evolution of share capital, please refer to Section 4.1.2 "**Corporate History and Evolution of Share Capital**" of this Prospectus).

Overview of the Substantial Shareholders

As of the date of this Prospectus, the Company has three (3) Substantial Shareholders, namely (1) National Flight Services Company; (2) Kingdom Holding Company and (3) Nasser Ibrahim Rashid Al Rashid. Two (2) of the Substantial Shareholders are legal entities, details of each of which are set out below:

A. National Flight Services Company

National Flight Services Company is a Saudi limited liability company registered in Riyadh under commercial registration number 4030120979, dated 19/10/1417H (corresponding to 27/02/1997G). As of the date of this Prospectus, the paid-up share capital of National Flight Services Company is SAR 500,000, divided into 100 shares with a nominal value of SAR 5,000 per share.

According to the Articles of Association of National Flight Services Company, its activities include operation, maintenance and cleaning of facilities and other services, tourism, restaurants, hotels, organizing exhibitions, transportation, refrigeration and storage.

The following table sets out the ownership structure of National Flight Services Company as of the date of this Prospectus:

Table 0.5: The Ownership Structure of National Flight Services Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership Percentage %
1	Khalid bin Sultan bin Abdulaziz Al Saud	100	5,000	500,000	100%
Total		**100**	**5,000**	**500,000**	**100%**

Source: Company's Information

B. Kingdom Holding Company

Kingdom Holding Company is a listed Saudi joint stock company registered in the city of Riyadh under commercial registration number 1010142022, dated 11/01/1417H (corresponding to 28/05/1996G). As of the date of this Prospectus, the share capital of Kingdom Holding Company is SAR 37,058,823,000, divided into 3,705,882,300 ordinary shares with a fully paid nominal value of SAR 10 per share.

According to the CMA website, Kingdom Holding Company's main activities include management of hotels, real estate and serviced properties, media and publication services, entertainment, financial and investment services, social media networks and technology, petrochemicals, medical services, education, aviation and transportation.

The below table sets out the ownership structure of Kingdom Holding Company as published on the CMA website on 27/02/1446H (corresponding to 31/08/2024G):

Table 0.6: The Ownership Structure of Kingdom Holding Company as of 27/02/1446H (corresponding to 31/08/2024G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1	Alwaleed bin Talal bin Abdulaziz Al Saud	2,895,588,185	10	28,955,881,850	78.135%
2	Public Investment Fund (PIF)	625,000,000	10	6,250,000,000	16.865%
3	Other shareholders[1]	185,294,115	10	1,852,941,150	5%
Total		**3,705,882,300**	**10**	**37,058,823,000**	**100%**

(1) Other shareholders' ownership represents the free shares in Kingdom Holding Company.

Source: The Exchange

Details of Kingdom Holding Company's substantial corporate shareholder, which directly owns 5% or more of Kingdom Holding Company's share capital, are as follows:

C. PIF

PIF was established by Royal Decree number M/24, dated 25/06/1391H (corresponding to 17/08/1971G) and is a wholly owned fund by the government of the Kingdom, regulated by the Law of Public Investment Fund issued pursuant to Royal Decree number M/92, dated 12/08/1440H (corresponding to 17/04/2019G). PIF was established to provide financing support for projects of strategic significance to the national economy, and its role has evolved to incorporate a number of different areas. In March 2015G, the Council of Ministers issued a decree to transfer oversight of PIF to the Council of Economic and Development Affairs, and a new PIF board was appointed, chaired by His Royal Highness the Crown Prince Mohammad bin Salman Al-Saud. To help achieve the Kingdom's vision of a sustainable, diversified economy, the PIF board has taken several steps to clearly define PIF's vision and strategic objectives in line with the Kingdom's Vision 2030.

The PIF is developing a portfolio of high quality local and international investments diversified across sectors, geographies and various asset classes. Working alongside global strategic partners and renowned investment managers, PIF acts as the Kingdom's main investment arm to deliver a strategy focused on achieving attractive financial returns and long-term value for the Kingdom.

PIF aims to be a global investment powerhouse and the world's most impactful investment fund, enabling the creation of new sectors and opportunities that will shape the future global economy, while driving the economic transformation of the Kingdom. PIF's mission is to actively invest over the long term to maximize sustainable returns, be the investment partner of choice for global opportunities and enable the economic development and diversification of the Saudi economy.

Main Activities of the Company

The Company's main activities are concentrated in the air transport sector and administrative and support services related to air transport. Pursuant to its main and branch commercial registrations, the Company's main activities are as follows:

1. travel and tourism agency;
2. repair and maintenance of aircraft;
3. scheduled air transport of individuals;
4. non-scheduled air transport of individuals;
5. on-demand air carrier;
6. operating airplanes for non-commercial purposes;
7. loading and unloading of cargo airplanes;
8. airplane brokerage services;
9. brokerage in the sale of airplane parts and simulation devices; and
10. providing services for Umrah performers and visitors to the Prophet's Mosque coming from outside the Kingdom.

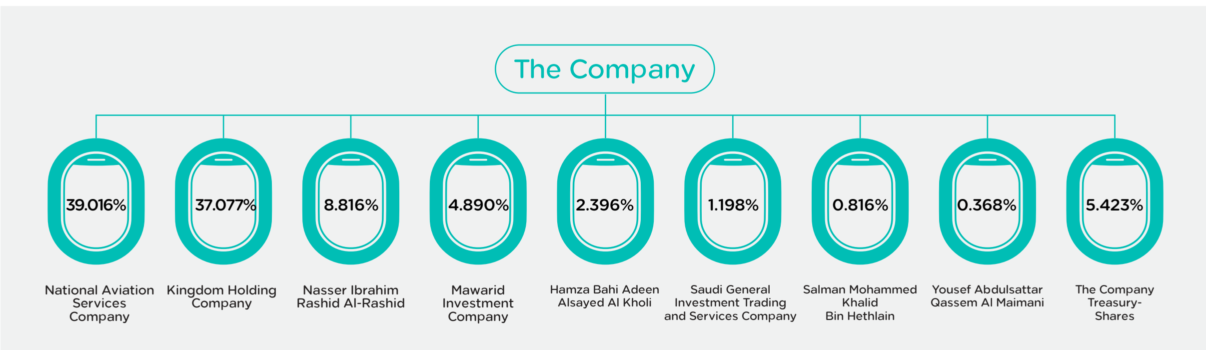
As of the date of this Prospectus, the Company has not obtained a number of required licenses issued by GACA to undertake some of the activities included in its commercial register, which are licenses for: (1) on-demand air carrier; (2) non-commercial aircraft operation; (3) loading and unloading of air cargo aircraft; (4) aircraft brokerage services; and (5) brokerage in the sale of aircraft spare parts and simulators. The licenses referred to are related to activities that the Company does not undertake as of the date of this Prospectus and are not considered part of its current business (for further information regarding the Company's licenses and permits, please refer to Section 2.1.57 "**Risks Related to Licenses, Certificates, Permits and Governmental Approvals**" and Section 13.2.4 "**Key Licenses**" of this Prospectus).

In accordance with the Company's Bylaws, the Company's activities comprise:

1. repair of transportation equipment excluding motor vehicles;
2. air transport of individuals;
3. cargo handling;
4. other transport support activities;
5. activities of operating agencies;
6. activities of travel agencies; and
7. activities of tour operators.

Company Structure

Figure 1: Company Structure



Source: Company's information

The Company's Vision, Mission and Strategy

Vision

The Company's vision is to be the leading low-cost carrier ("**LCC**") in the Middle East and North Africa for short and medium-haul flights.

Mission

The Company's mission is to provide a seamless and memorable travel experience at the best prices, through a modern aircraft fleet and innovative services, as well as multiple and growing destinations that connect the world with the Kingdom.

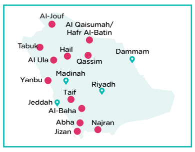
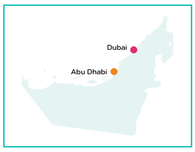
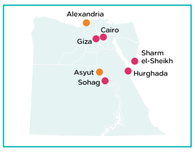
Strategy

The Company has a comprehensive strategy extending to 2030G, leveraging on the high growth expected in the Kingdom and targets to become the leading low-cost airline in the MENA. Details of the Company's initiatives according to its strategy are as follows:

A. Network and Fleet Strategy

Current passenger demand in the Kingdom is focused on short and medium-haul flights, including medium-long haul journeys (up to 6,000 km). The Company intends to retain its primary focus across all the aforementioned flight categories, assuming that the demand mix remains the same until 2030G. The Company currently has operations centers in Riyadh, Jeddah, Medina and Dammam. It aims at expanding by adding new operations centers with large catchment to cover more than 80% of the Kingdom's population by 2030G.

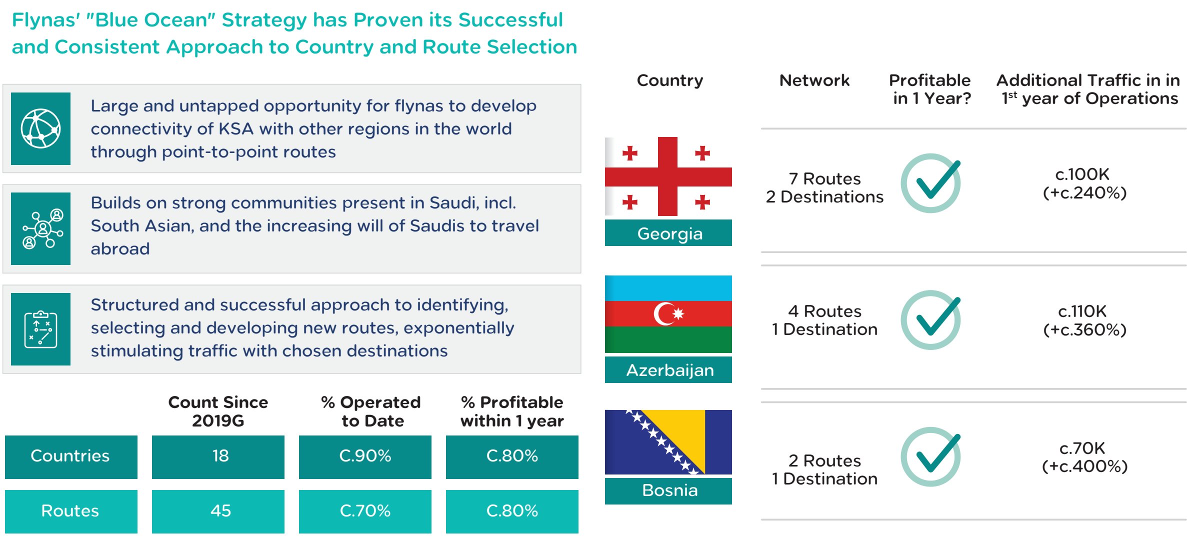
Figure 2: The Company's Key Markets are Primed for Future Economic and Population Growth

	1 Domestic	2 UAE	Egypt	Other MENA	3 Europe & Asia
Own Operated Destination Codeshare & Interline Bases				9 MENA 2 Africa	7 Europe 10 Asia
PAX in MM LTM March 24G	6,5	1,3	1,6	1,6	1,4
% Revenue LTM March 24G	39%	11%	13%	18%	19%
ASK Growth LTM 24G vs FY19G	27%	101%	147%	62%	243%
Attractive Macroeconomic Indicators Poised for Growth					
Real GDP in $Bn 2023G-30G CAGR	c.800 / +3.5%	c.450 / +3.2%	c.500 / +3.2%	c.2,400 / +2.4%	c.8,300 / 4.1%
Population in MM 2023G-30G CAGR	c.33 / +3.1%	c.10 / +0.7%	c.113 / +1.5%	c.365 / +1.5%	c.2,000 / +0.9%

Source: Company's information, Kearney analysis, and Oxford Economics

The Company aims to strengthen market share on key routes in the domestic market to ensure strong positioning as one of the leading LCC airlines on such routes. The Company intends to continue concentrating on existing international routes and markets that it believes have potential for high-volume operations, with a special focus on increasing the number of destinations, routes and flights within the GCC and MENA. Further, it targets extending the route network to international unserved markets, through the pursual of its "blue-ocean strategy" and take advantage of the "first mover advantage". Through this strategy, airlines seek to explore new market spaces where they can eliminate competition, at least for part of their product portfolio.

Figure 3: "Blue Ocean" Strategy



Source: Company's information

As of the date of the Prospectus, the Company has confirmed a firm purchase order with Airbus for 195 narrow-body aircraft, including 159 A320neo aircraft and 36 A321neo aircraft. In addition, the Company has concluded a separate aircraft purchase agreement with Airbus for the purchase of 30 wide-body A330neo aircraft. This agreement includes a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. As of 30 September 2024G, 53 narrow-body A320 aircrafts have been received and the Company still expects to receive 157 remaining aircrafts on a firm order basis. As part of this strategy, the Company seeks to: (i) grow its planned fleet to become one of the largest operators of A320neo aircraft in the MENA; and (ii) upsize its A321neo aircraft order to approximately 36 aircrafts in order to achieve its strategy for expanding its network and stations.

Using the A320neo aircraft, the Company plans to have its network within 5 to 6 hours flying distance in Europe, West Asia and Northern/Central Africa and the Indian sub-continent. Once the A321neo is part of the Company's fleet, the Company can extend its range further to 7 or 8 hours flying distance and some long haul destinations can be added to its network.

In addition, the Company is planning to add a widebody fleet to cover long range and high-density markets to meet the demands of religious travel (Hajj and Umrah) in locations such as South-East Asia, Morocco, West Africa and parts of South Asia, which exceed the typical flight range of narrow body A320neo/A321neo aircraft and wide-body A330neo aircraft.

B. Product and Services Strategy

The Company has revamped its products and services strategy to strengthen its position as an LCC, while ensuring differentiation from competitors by offering an enhanced product suitable to the market. This includes providing a unified fleet of aircraft configuration featuring flexible cabin seating capacity, balancing between density and comfort, and a de-bundled product and service, enabling a tailored flight experience and increased ancillaries. There will also be amenities available both onboard and during booking.

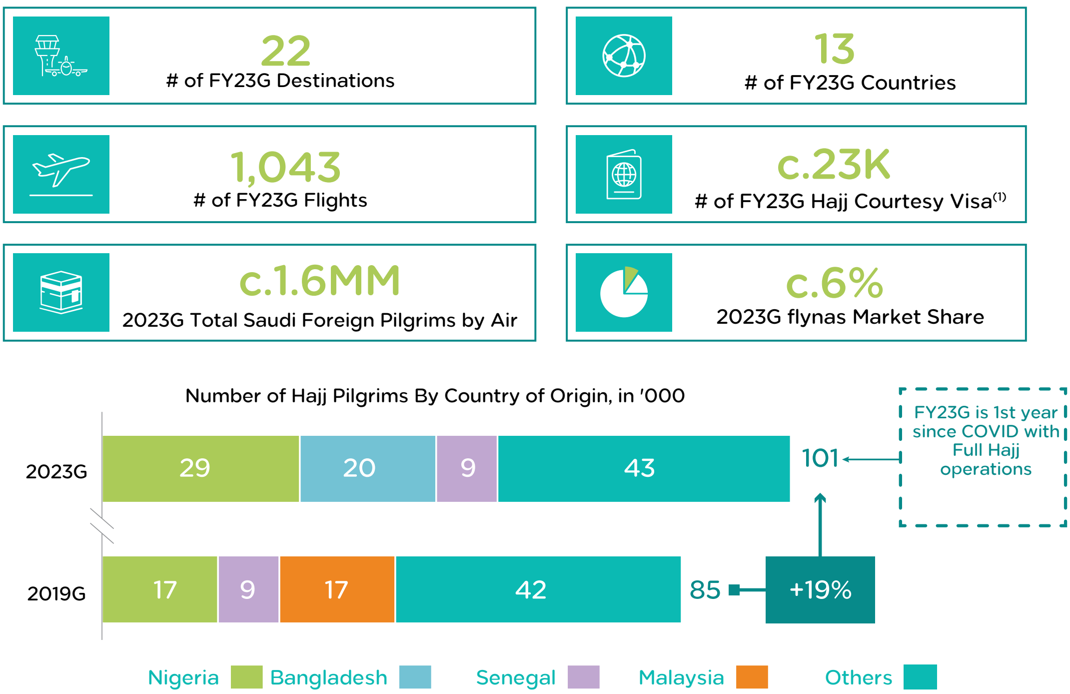
C. Cargo Strategy

Concurrent to the passenger-related strategies, the Company has plans to enhance its cargo operations. The main plan is to utilize the available belly capacity of the narrow-body aircraft fleet as well as wide-body aircraft. This approach is anticipated to positively impact results, and the Company will focus on partnerships with key operators across its network. The Company is also targeting to build internal cargo selling capabilities to drive cargo volume expansion.

D. Hajj and Umrah Strategy

The number of Umrah pilgrims reached 8.4 million in 2022G. As part of Vision 2030, the Kingdom intends to increase the number of Umrah pilgrims to 30 million annually by 2030G. The Government intends to achieve this goal through various strategic measures, including facilitating visa systems, developing capabilities and supporting various components of the value chain, including airlines and airports. The tangible results confirm the success of the Government's efforts and its immense potential, as it witnessed an increase in the number of non-Saudi Umrah pilgrims from 7.5 million in 2019G to 13.5 million in 2023G, which reflects an exceptional growth estimated at 80%. This positive development occurred despite the decline in numbers to during 2020G and 2021G, as a result of the COVID-19 pandemic and the restrictions imposed on travel. In light of the expected substantial growth in the number of Hajj and Umrah pilgrims, the Company aims to strengthen its presence in existing markets, capitalizing on new markets and expanding the network for the flynas Hajj and Umrah business segment. The exclusive market demand for charter flights for Hajj, where Saudi carriers are generally entitled to carry 50% of passengers on Hajj-specific flights, along with the increase in Umrah pilgrims, makes it an attractive segment. With this objective of growth and expansion, the Company has already started to operate four A330 aircrafts on a dry lease model and conducting 100,000 charter flights for pilgrims in 2023G, and is planning to expand this dry lease wide body program, primarily to serve the Hajj and Umrah business segment. This is in addition to the wide body wet leases that the Company operates to meet the needs of the Hajj charter business segment every year.

Figure 4: Key Performance Indicators for the Company's Partnership Network Focused on Africa and South Asia Pilgrims



Source: Company's information

E. General Aviation (NasJet) Strategy

The Company targets to achieve steady annual growth in the flynas general aviation business segment, with a focus on increasing synergies with flynas LCC for charter flights, increase the top-line with contracts and the bottom-line through costs.

F. Operational Excellence Strategy

The Company's internal cost optimization program (LEAP) continues to target operational excellence, having delivered a recurring annual value of over SAR 300.0 million since 2021G. This is a continuous ongoing program with key objectives to mainly add value through reducing cost of available seat per kilometer (CASK). The program also aims to enhance revenue per available seat-kilometer (RASK). As of the date of this Prospectus, the program's efforts include over 100 initiatives, 1,000 meetings with department heads, the involvement of over 10 departments and the formation of over 40 steering committee meetings.

G. Loyalty Program Strategy

The Company supports customer retention through its loyalty program 'naSmiles' which includes over 1.6 million total members, 310 thousand active members and 5 thousand premium members. The program saw the addition of 174 thousand new members in the nine-month period ended 30 September 2024G as compared to 114.0 thousand new members in the nine-month period ended 30 September 2023G, and 59 thousand, 124 thousand and 153 thousand new members in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. The Company also saw member purchases increase by 3,850%, from SAR 8.0 million to SAR 316 million, in the financial year ended 31 December 2021G, and by 25%, from SAR 316.0 million in the financial year ended 31 December 2022G to SAR 393.8 million in the financial year ended 31 December 2023G. Member purchases also increased by 34% from SAR 293.0 million to SAR 394.0 million in the nine-month periods ended 30 September 2023G and 2024G, respectively. Members enjoy exclusive benefits, including discounts at Dusit Hotels and Resorts, Hakbah platform (Saudi Fintech startup application providing alternative financial saving options) and the Ascott Limited (a hotel and accommodation services company). The loyalty program is also linked with rewards from the "Mokafaa" program, Yelo car rental, Booking.com (an online platform for hotel reservations and other travel services), American Express (a financial service and credit card company), Alinma Bank's "Akthr" program, and stc's "Qitaf" program. In addition, the Company generated SAR 535.2 thousand in revenue from its partners in the financial year ended 31 December 2023G, compared to approximately SAR 52.8 thousand and SAR 99.0 thousand in the financial years ended 31 December 2021G and 2022G, respectively, while the Company generated SAR 371.0 thousand and SAR 1.6 million in revenue from its partners in the nine-month periods ended 30 September 2023G and 2024G, respectively.

H. Commercial and Marketing Strategy

The Company continues to implement a business strategy centered on offering low ticket fares and appropriate comfort levels, aiming to maximize revenue per flight with a particular emphasis on ancillary services to support growth. At the center of its marketing strategy is an AI-driven system designed to optimize pricing and inventory management in real-time, ensuring maximum profitability. The Company also aims to shift its focus towards increasing direct sales, which not only reduces reliance on third-party platforms but also provides a significant opportunity to boost ancillary revenues. By offering a more robust portfolio of ancillary services, the Company is able to cater to the diverse needs of its passengers, enhancing their travel experience and strengthening customer loyalty.

I. Organization Strategy

The Company aims to become the employer of choice in the Kingdom, continuing to streamline its organizational structure and improve productivity across all departments,. It seeks to remain to be one of the "Best Places to Work" in the Kingdom, with regular initiatives to motivate its employees, upskilling them and incentivizing them to continuously add value through excellence.

J. IT & Digital Strategy

The Company aims to become a fully digital airline, in order to unlock efficiencies and enhancing data-driven decision making, focused on customers as well as employees.

The Company has recently embarked on a digital transformation journey, leveraging technological advancement to fundamentally transform the way the Company operates, delivering value to customers, optimizing cost and revenue, while aiming to consistently outperform its competition. The Company is committed to being a leading digital airline and transforming its business by utilizing digitization and technology, thereby providing a better customer experience, increasing ancillary revenues, and enhancing operational efficiencies.

K. Regulatory and External Stakeholders Strategy

The Company aims to play a pivotal role in the development of the aviation sector in the Kingdom and to engage in regular collaboration with all external stakeholders including GACA, Matarat Holding Company (hereinafter referred to as "**Matarat**"), airports, service vendors, and others, in addition to relevant government ministries, with the aim that the relevant details and plans are discussed in advance to ensure smooth and operationally efficient growth and expansion for the Company. The Company also proactively communicates with GACA and participates in the relevant forums to clarify key points related to the sector and certain regulations that may hinder its growth, and in particular, the growth of airline companies in the Kingdom.

Strengths and Competitive Advantages

The Company's key strengths and competitive advantages are as follows:

a. Strong secular growth prospects from Vision 2030 compounded by attractive macro and demographic trends
b. Largest LCC in a highly attractive oligopolistic Saudi market
c. Focused network with established positions on strategic slots, and unique access to religious traffic to the Kingdom
d. Attractive financial and operating model with efficient capital deployment and differentiated products
e. Innovation and sustainability are embedded in the Company's business model
f. Significant growth potential, aiming to be the leading LCC in MENA
g. Management with long tenure at the Company and extensive industry experience

Market and Industry Overview

The Kingdom of Saudi Arabia (KSA) is the largest economy in the Gulf Cooperation Council (GCC) and has ambitious diversification objectives

The Kingdom of Saudi Arabia is the largest economy in the GCC with a real gross domestic product (GDP) of about SAR 3.0 trillion in 2023G. It is projected to grow at a 3.5% compound annual growth rate (CAGR) until 2030G to reach SAR 3.8 trillion, compared with a 2.2% growth for the rest of the world. The oil sector is the largest contributor to the national economy (33% in 2023G), but the country is focusing on increasing non-oil contributions as part of Vision 2030. Furthermore, in line with the KSA's ongoing transformation, the real disposable income per capita (adjusted to inflation) grew at a CAGR of 4.3% from 2018G to 2023G. In parallel, the mid- to high-income household group grew 45% to 55%, which should have positively impacted spending on air travel.

KSA is the GCC's largest country and largest population, fueling its domestic and international traffic

Saudi Arabia is the largest country in the GCC by land and population, covering an area of 2.1 million square kilometers inhabited by a population of 32.2 million and it is expected to continue outpacing regional growth through the end of the decade, which will likely have a positive impact on domestic travel. More than 40% of the population is non-Saudi, mostly originating from the Indian sub-continent and Middle Eastern countries, contributing to international travel.

Vision 2030 is transforming the country with the tourism and aviation sectors being key enablers

Vision 2030, the KSA's forward-looking road map launched by King Salman and Crown Prince Mohammed bin Salman, aims to transform the country by focusing on three pillars: an ambitious nation, a thriving economy, and a vibrant society. Several strategic objectives were developed to support the thriving economy pillar, one of which is to enable the development of the tourism sector. In line with this strategic objective, a National Tourism Strategy was developed in 2018G with an ambitious target to attract 120 million overnight visitors by 2030 and hence increase the tourism sector's contribution to the national GDP to more than 10%. To enable the tourism strategy, the Saudi Aviation Strategy was developed in 2019G to position KSA as a leading aviation sector in the Middle East with 330 million passengers.

The global aviation sector is steadily growing but is impacted by external global shocks

Over the past five decades, the global air transport industry saw a twenty-fold increase in annual passenger traffic (PAX) following a consistent exponential growth trend until 2019G. Despite historic disruptions such as the Gulf War and 9/11, the industry typically recovered within one to three years. However, the unprecedented impact of the COVID-19 pandemic set the industry back to 1999G levels.

The commercial airline market is expected to fully recover in 2024G despite geopolitical uncertainty, with PAX reaching pre-pandemic levels. Between 2023G and 2030G, PAX is expected to increase at a CAGR of 4.9%, rising to almost 5.75 billion passengers by 2030G.

Several trends are transforming the industry, including single-aisle long-range aircraft and decarbonization

Several trends are shaping the future of commercial aviation, spanning aircraft technology and the sustainability transformation. For example, the introduction of new single-aisle aircraft with an extended range will open new opportunities for airlines. In addition, the global aviation industry is aiming to achieve net-zero carbon emissions by 2050.

LCCs are leading the aviation sector's growth with 8.5% CAGR over the past ~20 years (compared with 2.3% for FSCs)

The commercial aviation sector has undergone a profound transformation with the rise of low-cost carriers (LCCs), which have disrupted the traditional full-service carrier (FSC) model that once dominated the industry. From 2005G to 2023G, LCC capacity has been growing at a CAGR of 8.5% versus 2.3% for FSC. LCCs disrupted the airline industry with more affordable ticket prices, which further democratized air travel and translated into the share of LCC penetration growing more than two folds over the past 20 years, increasing from 13% in 2005G to 32% in 2023G. These airlines are now poised for continued growth, driven by medium- to long-haul market exploration and expanded seating capacities, which is challenging legacy carriers around the world.

KSA is the leading domestic aviation market in the GCC and the second-largest international aviation market after the UAE

Established in September 1945, Saudia Airlines has evolved into a major Middle East carrier, kicking off its aviation operations in KSA. Strategic airport developments from 1950 to 1990 and the creation of the General Authority of Civil Aviation (GACA) strengthened the aviation ecosystem. In 2007G, flynas, originally Nas Air, became the country's first national low-cost airline. Ongoing airport expansions and liberalization efforts since 2012G have spurred competition and regional interest. Correspondingly, Saudia Airlines established flyadeal in 2016G to compete in the low-cost segment. More recently, in 2023G, the Public Investment Fund (PIF) launched Riyadh Air, Saudi Arabia's second flag carrier.

With KSA being an open and liberalized market, local carriers face competition from international airlines on international routes, with Qatar Airways, Emirates Airlines, Turkish Airlines, Pakistan International Airlines (PIA), EgyptAir and others occupying the top positions on international routes to and from KSA.

Currently, airlines and airport holding and operating companies interact in an ecosystem overseen by GACA. GACA's role is to set and maintain a high level of safety and security standards, help make the sector more attractive to investors, and monitor and enhance the quality of service.

KSA has a strong domestic penetration, with growth potential in both domestic and international markets driven by tourism

KSA's domestic air travel penetration is ranked 7th among the top 20 largest domestic markets in 2023G. This is mainly driven by a large population (32.2 million) living in a large territory (2.15 million sq km).

KSA has a network of airports covering key cities and tourism destinations, including 29 commercial airports: 12 international, 3 regional, and 14 domestic. In comparison, the national rail and intercity bus capabilities seem to be limited.

Hence, KSA still has room for growth for international travel compared with mature markets. Currently, Saudi Arabia ranks 11th among the 20 largest international air travel markets. International travel to and from countries ranked above KSA is mainly driven by tourism, with some cities positioned as global transit hubs (e.g., Doha, Dubai, and Singapore). With its vision 2030, KSA is actively investing in tourism projects, which should translate into a better penetration of international travel per capita.

Similar to the global aviation market, LCCs have outperformed the market in KSA

In 2023G, KSA's penetration of LCCs is higher than the GCC average of 31%, lagging Kuwait, which average higher at 43%. KSA generally lags mature markets such as Spain and Italy, which focus on tourism and achieve +65% LCC penetration of the air travel market.

Saudi Arabia has seen its LCC market fueled by strong growth compared with FSC. Despite a sharp decline in total PAX during the pandemic, LCCs now have a 39% market share, gaining a 20% market share in about 10 years.

The Saudi Aviation Strategy has set an ambitious target of 330 million airport passengers

In line with Vision 2030, the Saudi Aviation Strategy aims to position KSA aviation sector as #1 in the Middle East with airport traffic of 330 million passengers by 2030G (incl. 30 million of transit PAX). In addition, the strategy targets 4.5 million tons of air cargo to be captured by KSA by 2030G. This increase by almost 5 times from 2023G (0.9 million tons) will be enabled by increased warehouse capacity, creation of free zones and special economic zones to attract global logistics providers. Multiple initiatives in regulations, infrastructure and other areas were developed to enable these targets.

Enabled by SAS, LCCs are expected to capture 100 million PAX by 2030G

The forecast for 330 million airport passengers in 2030G translates into 226 million of domestic and international PAX and about 30 million of international transit PAX, accounting for only the departing PAX for people traveling to, from, or within KSA. In fact, the airport PAX forecast view feeds into the assessment of airport resources and infrastructure sizing, while the airline PAX forecast view serves as a basis for individual airlines' contribution to passenger traffic.

Building on the national ambition, as per the Saudi Aviation Strategy projections, LCCs are expected to surpass 100 million PAX by 2030G, having a 60% to 70% market share on domestic routes, while 45% share among the total KSA traffic by 2030G.

Various LCCs operate in the region with distinctive value propositions (from the ULCC to the hybrid model) to serve their respective customer bases

The aviation sector in the GCC region has historically been dominated by FSCs such as Emirates Airlines, Qatar Airways, and Saudia Airlines, all of which started operations in the 20th century. This landscape shifted in 2003G with the launch of Air Arabia, the region's first LCC. Since then, the LCC model has been gaining momentum with the entries of flynas and Jazeera Airways, among others. This diversification signals a move toward greater accessibility and competitive pricing, expanding travel choices for the region.

Across the various models, LCCs achieve comparable profitability in the region

Despite their diverse business models, the benchmarked LCCs have consistent EBITDAR margins. The average stands at 29%, with flydubai, flynas and Air Arabia having respectively 33%, 32% and 21% of EBITDAR margin while Jazeera have the lowest EBITDAR margin at 19%.

Building on their existing fleets and ambitious expansion plans, regional LCCs are aiming to expand their reach and tap into new markets

With the exception of flydubai, the fleets of the benchmarked LCCs are predominantly comprised of aircraft from the A320 family. In contrast, flydubai distinguishes itself by exclusively using Boeing 737 aircraft and has the largest fleet with 88 aircraft. Looking at average fleet age, flynas has the youngest overall fleet (3.2 years) within the cohort of benchmarked LCCs.

In line with the growth of the aviation sector worldwide and specifically in the GCC, all LCCs are pursuing ambitious plans to expand their fleets, projecting to double them by 2031G. Driven by KSA's ambitious PAX target for 2030G, flynas in particular stands out with an aircraft order of 120 aircraft (53 received, 67 to be delivered) in addition to an MoU that was signed with Airbus in July for 90 additional aircraft (+70 on option). LCCs are increasing their medium long-haul range aircraft fleet (up to 6,000 km), indicating a strategic move into the mid-haul market.

Similar to the regional dynamics, international LCCs tend to follow different business models

As regional LCCs continue to expand their operations to European, Asia Pacific, and African markets as proven by their medium- to long-range aircraft order book, they will navigate a competitive landscape of regional and established international LCCs. International carriers were selected for benchmarking based on their strategic fit for the comparison with flynas, along with publicly available operational and financial data. Those carriers include IndiGo and SpiceJet, prominent Indian LCCs with a substantial market presence on routes linking KSA and Asia; Wizz Air, a Hungarian LCC, with established operations across Saudi-European routes; and Pegasus Airlines, a Turkish LCC with an extensive presence in KSA to the Middle East and North Africa routes as well as Europe.

Similarly, the chosen business model has direct implications on the financial performance of each LCC

There are significant deviations in LCCs' EBITDAR margins. The average among benchmarked airlines is 22%, with flynas having the highest margins of 32%. In contrast, SpiceJet reports the lowest margin at 3%.

Similar to regional LCCs, international LCCs also have ambitious plans to expand their reach and tap into new markets

As with the GCC airlines, the fleets of the benchmarked non-GCC LCCs are primarily composed of aircraft from the Airbus A320 and A321 families, with the exception of SpiceJet, which mostly operates Boeing 737 aircraft. IndiGo, on top of its large fleet of A321 aircraft, also operates ATR aircraft. Regarding the average fleet age, flynas has the youngest fleet among the non-GCC carriers.

Non-GCC LCCs are pursuing fleet expansion, with a substantial increase expected, likely driven by projected market growth. Notably, LCCs are prioritizing medium- to long-range aircraft, signaling a strategic shift toward med/long-haul routes. IndiGo and Wizz Air are strategically planning to expand their fleets by 977 and 311 aircraft respectively.

Summary of Financial Information

The selected financial information and key performance indicators of the Company provided below should be read in conjunction with the information presented in Section 2 "**Risk Factors**" and Section 6 "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" of this Prospectus, as well as the 2021 Financial Statements, 2022 Financial Statements and the 2023 Financial Statements, along with the accompanying notes thereto, which have been prepared in accordance with the IFRS endorsed in KSA and other standards and pronouncements endorsed by SOCPA. Additionally, the Interim Financial Information, and the accompanying notes have been prepared in accordance with IAS 34 "Interim Financial Reporting", as endorsed in the Kingdom. These are included in Section 20 "**Financial Statements and Independent Auditor's Report**" of this Prospectus, among other financial statements contained elsewhere in this Prospectus.

Table 0.7: Summary of Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2021G	2022G	2023G	2023G	2024G
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	2,673.4	4,809.4	6,362.2	4,899.16	5,891.31
Cost of revenue	(2,395.7)	(4,213.1)	(5,456.4)	(4,271.33)	(4,692.94)
Gross profit	**277.7**	**596.2**	**905.8**	**627.84**	**1,198.37**
Selling and marketing expenses	(103.2)	(157.2)	(196.7)	(139.78)	(187.27)
General and administrative expenses	(110.1)	(121.0)	(114.9)	(81.95)	(150.79)
Provision for expected credit losses	(42.8)	(8.4)	0.00	0.00	(21.06)
Gain on sale of equipment and fixtures and termination of leases	130.7	135.5	283.2	172.69	130.67
Net foreign exchange loss	(0.8)	(2.7)	(8.3)	(2.85)	(14.62)
Other income	36.8	-	-	-	-
Operating profit	**188.4**	**442.5**	**869.0**	**575.95**	**955.30**
Finance income	0.1	12.9	51.9	39.42	51.78
Finance cost	(167.8)	(277.7)	(503.0)	(275.94)	(496.33)
Profit before zakat	**20.7**	**177.7**	**417.9**	**339.42**	**510.75**
Zakat expense	(0.9)	(5.9)	(16.5)	(12.50)	(18.13)
Profit for the year/period	**19.9**	**171.8**	**401.3**	**326.92**	**492.63**
Statement of Financial Position					
Current assets	537.9	1,465.9	1,965.7	N/A	2,660.61
Non-current assets	6,893.5	8,182.2	10,898.9	N/A	11,007.02
Total assets	7,431.4	9,648.1	12,864.7	N/A	13,667.63
Current liabilities	2,637.5	2,711.8	3,206.8	N/A	3,187.39
Non-current liabilities	4,116.4	6,097.1	8,431.7	N/A	8,761.50
Total liabilities	6,754.0	8,808.9	11,638.5	N/A	11,948.89
Net equity	677.5	839.2	1,226.1	N/A	1,718.74
Total equity and liabilities	7,431.4	9,648.1	12,864.7	N/A	13,667.63
Statement of Cash Flows					
Net cash flows generated from operating activities	625.7	522.3	1,305.2	88.38	1,274.05
Net cash flows from (used in)/generated from investing activities	(234.9)	17.7	73.6	76.07	73.49
Net cash flows (used in)/generated from financing activities	(528.6)	350.8	(1,116.7)	(814.70)	(992.1)
Net (decrease)/increase in cash and cash equivalents	**(137.8)**	**890.8**	**262.2**	**145.21**	**355.47**
Cash and cash equivalents at the beginning of the year/period	435.4	297.6	1,188.3	1,188.32	1,450.49
Cash and cash equivalents at the end of the year/period	**297.6**	**1,188.3**	**1,450.5**	**1,333.53**	**1,805.96**

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2021G	2022G	2023G	2023G	2024G
KPIs					
Financial KPIs					
Earnings before interest, taxes, depreciation and amortization (EBITDA)[1]	736.7	1,096.2	1,659.7	1,216.5	1,780.0
EBITDA margin[2]	27.6%	22.8%	26.1%	24.83%	30.21%
Revenue growth rate[3]	-	79.9%	32.3%	24.89%	20.25%
Gross profit margin (%)[4]	10.4%	12.4%	14.2%	12.82%	20.34%
Operating profit margin (%)[5]	7.0%	9.2%	13.7%	11.76%	16.22%
Net profit margin (%)[6]	0.7%	3.6%	6.3%	6.7%	8.4%
Current assets/current liabilities	0.2	0.5	0.6	0.6	0.8
Current ratio[7]	0.2	0.5	0.6	0.6	0.8
Return on assets[8]	0.3%	2.0%	3.6%	2.5%	7.2%
Return on equity[9]	2.9%	22.7%	38.9%	28.0%	28.7%
Liabilities-to-equity ratio[10]	10.0	10.5	9.5	9.5	7.0
Total liabilities to total assets[11]	0.9	0.9	0.9	0.9	0.9
Technical and other KPIs					
Average number of aircrafts available for flights (number of aircrafts)	26	34	43	42	52
Average number of aircrafts per year (number of aircrafts)	36	39	53	54	60
Number of flights (number)	45,681	66,241	78,321	56,197	72,831
Number of passengers (in thousands)	4,555	8,702	11,171	7,946	10,873
Number of flight hours (number)	73,897	121,030	152,959	111,400	139,356
Carrying capacity (in thousands)	7,769	11,340	13,864	9,975	12,774
Average number of seats per flight (number)	170	172	179	177	175
Seat occupancy rate (%)[12]	59.0%	75.2%	79.5%	78.4%	85.2%
Available seat revenues per kilometer (halalas)[13]	26	27	26	25.5	27.0
Available seat cost per kilometer (halalas)[14]	25	26	24	24.8	24.8

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA): EBITDA is an accounting metric for companies which is defined as the profit for the year/period before deducting interest expense, taxes, depreciation and amortization. Hence, it is an indicator of the Company's operating profitability.

(2) EBITDA margin = Profit for the year/period before deducting interest expense, taxes, depreciation and amortization / revenue

(3) Revenue growth rate = (current year/period revenue - prior year/period revenue) / prior year or period revenue * 100

(4) Gross profit margin = gross profit / revenue

(5) Operating profit margin = operating profit / revenue

(6) Net profit margin = profit for the year or period / revenue

(7) Current ratio = current assets / current liabilities

(8) Return on assets = profit for the year or period / average total assets

(9) Return on equity = profit for the year or period/ average net equity

(10) Liabilities-to-equity ratio = total liabilities / net equity

(11) Liabilities-to-assets ratio = total liabilities / total assets

(12) Seat occupancy rate (%) = occupied seats / available seats

(13) Available seat revenues per kilometer (halalas) = revenue / (number of available seats * distance traveled)

(14) Available seat cost per kilometer (halalas) = cost of revenue / (number of available seats * distance traveled)

Source: The Financial Statements and Company's information.

Risk Factors

Below is a summary of the risk factors involved in investment in the Offer Shares. However, this summary does not contain all the information that may be important to investors. Therefore, persons wishing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the "**Important Notice**" section on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully reviewed before making any decision related to investing in the Offer Shares. Prospective investors must not rely on this summary alone in making their decision.

Risks Related to the Company's Business and Operations

- Risks related to the transfer of a portion of the Company's assets to shareholders
- Risks related to adjusted and existing errors in the financial statements resulting from the application of the change in accounting policy
- Risks related to reliance on lessors to lease aircraft and their credit ratings
- Risks related to the impairment of the Company's air operator certificate
- Risks related to aircraft sale-leaseback transactions and the details, accounting treatment, and effect of such transactions on the Company's financial statements
- Risks related to the impact of profits from the sale of equipment on the Company's net profits
- Risks related to profits from the sale of aircraft
- Risks related to trends and increase in fuel prices
- Risks related to increased airport services costs
- Risks related to the increase in maintenance costs due to aging and depreciation of the Company's fleet
- Risks related to the Company's limited ability to control costs
- Risks related to payables and the concentration of payables
- Risks related to the Company's business and operations
- Risks related to future capital expenditures
- Risks related to the collection of trade receivables, concentration of trade receivables, and delays in collection
- Risks related to the Company's ability to fund payments for firm aircraft purchase orders, its cash resources, liquidity and financial condition
- Risks related to Related Party transactions
- Risks related to changes in the profit margins of various segments
- Risks related to the concentration of the Company's revenue
  - Concentration of revenue on specific services
  - Concentration of revenue in specific geographic locations and key markets
  - Concentration of revenue from top customers
  - Concentration of flynas Hajj and Umrah business segment revenues in specific customers
- Risks related to the effectiveness of applying a low-cost carrier model
- Risks related to the reliance on maintaining a high daily aircraft utilization, flight delays or cancellations and aircraft unavailability
- Risks related to the Company's reliance on the performance of A320 aircraft and aircraft engines, including the failure of Airbus or CFM International
- Risks related to wet-leasing aircraft
- Risks related to the Company's inability to implement its growth strategy successfully, on time, or at all, including in relation to expansion into new markets and ancillary services
- Risks related to reliance on third-party service providers, lessors and commercial partners
- Risks related to reliance on major suppliers

- Risks related to the Company's reliance on information technology systems, online ticket sales and third-party distribution channels for portion of its airline tickets
- Risks related to online payment and payment processing by third-party providers
- Risks related to air traffic congestion, air traffic control services and ground services
- Risks related to aircraft accidents and similar disasters, design defects and operational malfunctions
- Risks related to hazardous chemicals, working environment, health and safety
- Risks related to data protection and cyber-attacks
- Risks related to the development of superior aircraft technology or the introduction of a new line of aircraft
- Risks related to the Company's customer service and the quality of services offered
- Risks related to revenue seasonality
- Risks related to the inability to retain customers and attract new ones
- Risks related to commercial relationships with other airlines
- Risks related to consumer behavior and perceptions
- Risks related to the Company's reputation, brand and marketing activities
- Risks related to future acquisitions and investments
- Risks related to financing and credit facilities
  - Current financing and facilities
  - Future financing and facilities
- Risks related to fluctuations in interest rates
- Risks related to working capital management
- Risks related to lease liabilities
- Risks related to aircraft-related provisions
- Risks related to the re-issuance of financial statements, adjustments to the previous year, and comparative financial statement information.
- Risks related to the use of accounting assumptions, estimates and judgments, and the corresponding errors
- Risks related to Zakat and tax
- Risks related to the difficulty in hiring and retaining qualified pilots, cabin crew and other personnel
- Risks related to reliance on Senior Executives and key employees
- Risks related to employee misconduct and errors
- Risks related to labor costs
- Risks related to protection of the Company's intellectual property rights
- Risks related to inadequacy of insurance coverage and increased insurance costs
- Risks related to real estate
- Risks related to claims and litigation
- Risks related to licenses, certificates, permits and governmental approvals
- Risks related to the Company's material agreements
- Risks related to compliance with the Companies Law and the Corporate Governance Regulations
- Risks related to newly formed Board Committees and the effectiveness of governance
- Risks related to lack of experience in managing a joint stock company listed on the Exchange
- Risks related to projections and underlying forward-looking statements

Risks Related to the Market, Industry and Regulatory Environment

- Risks related to compliance with applicable regulations and the changes in the regulatory environment
- Risks related to environmental laws and regulations, including restrictions in relation to noise pollution and greenhouse gas emissions
- Risks related to compliance with data protection and cybersecurity requirements
- Risks related to factors outside the Company's control, including political and economic uncertainty, government travel policies and air traffic and landing rights
- Risks related to the reorganization of the aviation sector and privatization of airports in the Kingdom
- Risks related to the general economic conditions and the economies of the countries in which the Company operates or may conduct its activities
- Risks related to competition
- Risks related to political instability, impact of geopolitical conflict, security concerns and terrorist attacks in the countries in which the Company operates or may conduct its activities
- Risks related to the outbreak of infectious diseases
- Risks related to compliance with Saudization requirements
- Risks related to adverse changes in exchange rates
- Risks related to the Competition Law
- Risks related to the application of VAT and electronic billing
- Risks related to changes in the calculation mechanism for Zakat and income tax
- Risks related to weather conditions, floods, earthquakes, and other natural disasters or disruptive acts
- Risks related to exposure to catastrophic loss
- Risks related to the new Civil Transactions Law and its implementation

Risks Related to the Offer Shares

- Risks related to effective control post-Offering by the Current Shareholders
- Risks related to non-Qualified Foreign Investors not being able to directly hold shares
- Risks related to the liquidity and volatility in the market price of the Offer Shares
- Risks related to the Exchange's trading limits
- Risks related to the lack of an active and liquid market for the shares
- Risks related to foreign exchange risk when investing in the Company's shares
- Risks related to the use of the IPO proceeds
- Risks related to the Company's ability to distribute dividends
- Risks related to the actual or expected issuance/sale of additional shares in the market following the expiration of the Lock-up Period
- Risks related to the non-publishing of research or publishing inaccurate or unfavorable research about the Company
- Risks related to the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources

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1. Definitions and Abbreviations

A330neo Purchase Agreement	The Purchase Agreement entered into between the Company and Airbus dated 05/05/1446H (corresponding to 07/11/2024G).
Advisors	The Company's advisors in connection with the Offering, whose names appear on pages (vii) to (ix) of this Prospectus.
Amendment 1	The financial statements for the year ended 31 December 2022G have been reissued because of a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. During the year ended 31 December 2022G, the Company transferred to NAS Holding (the parent company at that time) for no consideration its receivable balance from the National Flight Services Company (a non-controlling shareholder of the parent company at that time) to NAS Holding (the parent company at that time), in the sum of SAR 121,162,264. In the previously issued financial statements, this transfer was treated as a non-cash asset distribution to NAS Holding (the parent company at that time) at fair value. Since the asset was controlled by NAS Holding (the parent company at that time) before and after the distribution, IFRIC 17 ("Distributions of Non-Cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (Paragraphs 10-12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice. The receivable had previously been carried at SAR 28.1 million, net of an expected credit loss of SAR 93.0 million. In light of the credit quality improvements during the year ended 31 December 2022G, before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121.2 million as such as gain on distribution of SAR 93.0 million was recognized in profit or loss. As of the date of this Prospectus, the Company has changed its accounting policy, now treating the distribution at net book value instead of the fair value. Therefore, the financial statements for the year ended 31 December 2022G have been reissued to exclude the gain on the distribution, with the impact of this restatement described in the subsequent sections.
Amendment 2	During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in its previous accounting policies. In previous years, the Company incorrectly expensed refundable maintenance deposits due to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease, with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.
Amendment 3	The financial statements for the year ended 31 December 2023G were previously restated to reflect the reclassification of certain amounts previously reported under "Lease Liabilities" within non-current liabilities. These amounts were reclassified to "Aircraft-Related Provisions" (bifurcated between current and non-current liabilities) on the statement of financial position as of 31 December 2022G. This adjustment was made to align with the disclosure requirements outlined in IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IAS 1 (Presentation of Financial Statements), which necessitate the separate presentation of provisions on the face of the statement of financial position. Additionally, this reclassification had a consequential impact on the statement of cash flows for the year ended 31 December 2021G. Specifically, cash flows related to "Aircraft-Related Provisions", which were previously classified under financing cash flows, were reclassified to operating cash flows ensuring consistency with the nature of the underlying transactions.
Amendment 4	In the previously issued 2022 Financial Statements, cash flows associated with the acquisition of equipment and fixtures, including pre-delivery payments and related refunds for aircraft, were presented on a net basis. In the 2022 Financial Statements, these amounts have now been presented on a gross basis to comply with IAS 7.
Aerospace	TP Aerospace Pro Aps.
Affiliate	A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Air Total	Air Total International SA.
Airbus	Airbus S.A.S.
Airbus Purchase Agreement	The Purchase Agreement entered into between the Company and Airbus dated 02/04/1438H (corresponding to 31/12/2016G), as amended.
Aircraft Lease Agreements with Oriental	a. 3 aircraft lease agreements between the Company and Oriental Leasing 18 Limited, dated 29/02/1440H (corresponding to 07/11/2018G). b. 3 aircraft lease agreements between the Company and Oriental Leasing 21 Limited, dated 29/02/1440H (corresponding to 07/11/2018G). c. 2 aircraft lease agreements between the Company and Oriental Leasing 19 Limited, dated 29/02/1440H (corresponding to 07/11/2018G). d. 2 aircraft lease agreements between the Company and Oriental Leasing 18 Limited, dated 21/05/1442H (corresponding to 05/01/2021G). e. 5 aircraft lease agreements between the Company and Oriental Leasing 51 Limited, dated 27/05/1444H (corresponding to 21/12/2022G).
Aircraft Lease Agreements with Avolon	a. 5 aircraft lease agreements between the Company and Avolon, dated 02/02/1444H (corresponding to 29/08/2022G). b. 5 aircraft lease agreements between the Company and Avolon, dated 12/08/1445H (corresponding to 22/02/2024G).

Aircraft Lease Agreements with Dune	a. Aircraft lease agreement between the Company and Avolon Leasing Ireland 3 Limited, dated 13/10/1442H (corresponding to 25/05/2021G), which was assigned to Dune Aviation 1 Limited on 16/01/1445H (corresponding to 03/08/2023G). b. Two aircraft operating lease agreements between the Company and Dune Aviation 1 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). c. Two aircraft operating lease agreements between the Company and Dune Aviation 2 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). d. Two aircraft operating lease agreements between the Company and Dune Aviation 3 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). e. Aircraft operating lease agreement between the Company and Dune Aviation 4 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). f. Aircraft operating lease agreement between the Company and Dune Aviation 4 Limited, dated 01/03/1444H (corresponding to 27/09/2022G), as amended on 10/03/1445H (corresponding to 25/09/2023G). g. Aircraft operating lease agreement between the Company and Dune Aviation 5 Limited, dated 10/03/1445H (corresponding to 25/09/2023G). h. Aircraft operating lease agreement between the Company and Dune Aviation 5 Limited, dated 01/03/1444H (corresponding to 27/09/2022G), as amended on 22/02/1445H (corresponding to 07/09/2023G). i. Two aircraft operating lease agreements between the Company and Dune Aviation 6 Limited, dated 01/03/1444H (corresponding to 27/09/2022G).
Aircraft Lease Agreements	Agreements entered into between the Company and third parties, under which the Company leases aircraft it has sold under the Company's sale-leaseback agreements.
Aircraft Sale Agreements with CDB	3 aircraft sale-leaseback agreements with CDB, dated 25/06/1443H (corresponding to 28/01/2022G), and 2 aircraft sale-leaseback agreements dated 06/08/1443H (corresponding to 09/03/2022G).
Aircraft Sale and Leaseback	These transactions involve sale and leaseback of the aircraft used by the Company for the purpose of acquiring aircraft to operate within its fleet. They involve a number of steps, which include entered into an agreement to purchase the aircraft from the manufacturer and paying part of the purchase price before the full purchase price is paid by the lessor (with the Company recovering the partial payment it provided) and ownership of the aircraft is transferred to the lessor. The aircraft is then leased back by the Company for the purpose of operating it as part of its fleet, which includes its obligation to perform maintenance works in addition to the payment of lease payments on a regular basis until the aircraft is returned to the lessor in accordance with the terms of the agreement upon its expiry.
Aircraft Sale and Leaseback Agreements with Dune	a. Two aircraft sale and purchase agreements between the Company and Dune Aviation 1 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). b. Two aircraft sale and purchase agreements between the Company and Dune Aviation 2 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). c. Two aircraft sale and purchase agreements between the Company and Dune Aviation 3 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). d. Two aircraft sale and purchase agreements between the Company and Dune Aviation 4 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). e. Two aircraft sale and purchase agreements between the Company and Dune Aviation 5 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). f. Two aircraft sale and purchase agreements between the Company and Dune Aviation 6 Limited, dated 01/03/1444H (corresponding to 27/09/2022G).
Aircraft Sale-Leaseback Agreements with Jackson Square	3 agreements with Jackson Square Aviation Ireland Limited, dated 26/08/1442H (corresponding to 08/04/2021G).
Aircraft Sale-Leaseback Agreements with Oriental and CMP	Aircraft sale-leaseback agreements with both Oriental and CMP.
Al Rajhi Morocco	Al Rajhi Morocco Limited.
American Express Company	American Express Travel Services Company and American Express Payment Services Limited.
Annual Financial Statements	The Company's audited financial statements for the financial year ended 31 December 2021G and the reissued audited financial statements for the financial years ended 31 December 2022G and 2023G.
AOC	Air operator certificate.
APSCO	Arabian Petroleum Supply Company.
ASE	ASE - Aero Services Egypt.
Athena2	Athena2 Aviation Leasing Limited.

Avolon Aircraft Sale and Leaseback Agreements	a. 3 aircraft sale-leaseback agreements between the Company and Avolon, dated 13/10/1442H (corresponding to 25/05/2021G). b. 4 aircraft sale-leaseback agreements between the Company and Avolon, dated 02/02/1444H (corresponding to 29/08/2022G). c. 5 aircraft sale-leaseback agreements between the Company and Avolon, dated 12/08/1445H (corresponding to 22/02/2024G).
Aviation Handling Services (Jordan) Ltd	Aviation Handling Services Company (Jordan) Limited.
Aviator Capital	Aviator Capital ML 3802 Limited.
Avolon	Avolon Leasing Ireland 3 Limited.
Bid Form	The bid form used by Participating Parties to register their applications for the Offer Shares during the Book Building Period. This term includes, when applicable, the appended bid form when the price range is changed.
Board or Board of Directors	The Company's Board of Directors.
BOC	BOC Aviation (Ireland) Limited.
Book Building Instructions	The Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) issued pursuant to CMA Board Resolution No. 2-94-2016G, dated 15/10/1437H (corresponding to 20/07/2016G), as amended based on CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G).
Bookrunners	Emirates NBD Capital KSA, Goldman Sachs Saudi Arabia, Al Rajhi Capital, BSF Capital, Citigroup Saudi Arabia, anb capital and Morgan Stanley Saudi Arabia.
Business day	Any day on which the Receiving Agents are open in the Kingdom (except for Fridays and Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
Capital Market Institution	A Capital Market Institution authorized by the CMA to engage in securities business.
Capital Market Law (CML)	The Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Catrion	Catrion Catering Holding Company.
Catrion Services	The services provided by Catrion to the Company pursuant to a catering services agreement entered into on 02/12/1443H (corresponding to 01/07/2022G), which represent providing food onboard the aircraft, including the provision of meals and related stock items.
CEO	The Chief Executive Officer of the Company.
CFM International	CFM International S.A.
Chairman	The Chairman of the Company's Board of Directors.
Charter Flights	Private flights not considered to be part of the Company's announced flight schedule.
Civil Aviation Law	The Civil Aviation Law issued pursuant to Royal Decree No. M/44, dated 18/07/1426H (corresponding to 23/08/2005G).
CMA	The Capital Market Authority in the Kingdom.
CMB	CMB Financial Leasing Limited.
Codeshare	Arrangements between airlines to share flight codes to market and sell seats on each other's flights through agreements entered between them, expanding the size of their networks and offering passengers more travel options with coordinated schedules and integrated services.
Companies Law	The Companies Law issued by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), as amended.
Company or Issuer	flynas Company.
Control	As defined in the Glossary of Defined Terms Used in the Regulations & Rules of the Capital Market Authority, control refers to the ability to influence the actions or decisions of another person, whether directly or indirectly, alone or with a relative or Affiliate, through any of the following: (i) holding 30% or more of the voting rights in the Company; or (ii) having the right to appoint 30% or more of the members of the governing body. The term "controller" shall be construed accordingly.
Corporate Governance Regulations (CGRs)	The Corporate Governance Regulations issued by the CMA Board based on the Companies Law under Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended by CMA Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G), and as may be amended.
Development Fund or SIDF	The Saudi Industrial Development Fund.
Directors	The members of the Company's Board of Directors.

Dune	a. Dune Aviation 1 Limited. b. Dune Aviation 2 Limited. c. Dune Aviation 3 Limited. d. Dune Aviation 4 Limited. e. Dune Aviation 5 Limited. f. Dune Aviation 6 Limited.
Extraordinary General Assembly	An extraordinary general assembly of Shareholders convened in accordance with the Bylaws.
Financial Advisors	Goldman Sachs Saudi Arabia, BSF Capital and Morgan Stanley Saudi Arabia.
Financial Statements	The Company's financial statements for the years/periods covered in this Prospectus are the audited financial statements for the financial year ended 31 December 2021G, the reissued audited financial statements for the financial years ended 31 December 2022G and 2023G and the unaudited condensed interim financial information for the nine-month period ended 30 September 2024G.
Financial Year	The financial year of the Company, starting from 1 January and ending 31 December of each calendar year.
First Aircraft Sale-Leaseback Agreements with Oriental	a. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 24/08/1441H (corresponding to 17/04/2020G). b. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 11/06/1441H (corresponding to 05/02/2020G). c. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 26/06/1441H (corresponding to 20/02/2020G). d. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 23/09/1442H (corresponding to 05/05/2021G). e. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 28/09/1442H (corresponding to 10/05/2021G). f. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 15/06/1442H (corresponding to 28/01/2021G). g. Purchase assignment agreement between the Company and Oriental Leasing 21 Limited, dated 03/12/1441H (corresponding to 24/07/2020G). h. Purchase assignment agreement between the Company and Oriental Leasing 21 Limited, dated 13/02/1442H (corresponding to 30/09/2020G). i. Purchase assignment agreement between the Company and Oriental Leasing 19 Limited, dated 12/01/1441H (corresponding to 11/09/2019G). j. Purchase assignment agreement between the Company and Oriental Leasing 19 Limited, dated 22/10/1440H (corresponding to 25/06/2019G).
Fly Montenegro	Fly Montenegro Ground Handling LLC.
flynas for Hajj and Umrah	The Hajj and Umrah services business segment offered by the Company.
flynas General Aviation Services	The general aviation services business segment offered by the Company.
flynas LCC	Low-cost aviation services provided by the Company.
Foreign Investors	Non-GCC individuals residing outside the Kingdom and non-GCC institutions registered outside the Kingdom that have the right to invest indirectly to obtain the economic benefits of the Offer Shares through the conclusion of swap agreements with one of the Capital Market Institutions in accordance with the Rules for Foreign Investment in Securities.
Foreign Investors Entitled to Invest in the Company's Shares	The following categories, in accordance with the provisions and controls stipulated in the Rules for Foreign Investment in Securities: 1. Qualified Foreign Investors; 2. Foreign Strategic Investors (FSIs); 3. any foreign natural or legal person who is a client of a Capital Market Institution licensed by CMA to conduct management business, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without the need to obtain prior approval therefrom; and 4. non-resident Foreign Investors who invest indirectly in shares by acquiring the economic benefit of the shares through entering into swap agreements with a Capital Market Institution in order to purchase shares listed on the Stock Exchange and trade in them for the benefit of the Foreign Investor.
Foreign Strategic Investors (FSIs)	Any foreign legal person who intends to own a strategic share in listed companies in accordance with the Rules for Foreign Investment in Securities. The term "strategic interest" refers to the direct ownership percentage in the listed company's shares, through which the owner aims to contribute to promoting the financial or operating performance of that listed company.
G	The Gregorian calendar.
GCC	The Cooperation Council for the Arab States of the Gulf, whose member states include the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar and the United Arab Emirates.

General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly, and "General Assembly" shall mean any general assembly of the Company.
GHG	Greenhouse gas.
Glossary of Defined Terms Used in the Regulations & Rules of the Capital Market Authority	The Glossary of Defined Terms Used in the CMA Regulations and Rules issued pursuant to CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 3-6-2024, dated 05/07/1445H (corresponding to 17/01/2024G), and as may be amended.
Glossary of Defined Terms Used in the Exchange Rules	The Glossary of Defined Terms Used in the Exchange Rules approved by CMA Board Resolution No. 2-17-2012 dated 08/06/1433H (corresponding to 29/04/2012G), as amended by CMA Resolution No. 5-122-2024 dated 13/04/1446H (corresponding to 16/10/2024G).
Government	The Government of the Kingdom of Saudi Arabia, and the word "**governmental**" shall be construed accordingly.
Government Salary Support Program (SANED)	A government program run by the General Organization for Social Insurance, which assists Saudi workers and their families while workers are unemployed due to circumstances beyond their control. The program works to bridge the gap between jobs by providing a minimum income to provide workers and their families with a decent living, in addition to providing the necessary training and helping workers search for another job.
H	Hijri.
HIFA	HIFA - OIL doo Tešanj.
IAS 34	The International Accounting Standard No. 34 - "Interim Financial Reporting", as endorsed in the Kingdom.
IFRS	The International Financial Reporting Standards that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
Implementing Regulations of the Companies Law	The Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016, dated 16/01/1438H (corresponding to 17/10/2016G), as amended by CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), and as may be amended.
Indian Oil Corporation	Indian Oil Corporation Limited.
Independent Auditor	PricewaterhouseCoopers Public Accountants.
Individual Subscribers	Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares in the names of her minor children, provided that she proves that she is the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC nationals who, in each case, have a bank account and are entitled to open an investment account with one of the Receiving Agents, and are entitled to open an investment account with a Capital Market Institution.
Interline Flights	Arrangements that link the operations of airlines by allowing passengers to book a single ticket for flights involving multiple airlines, facilitating seamless travel through the coordination of tickets, baggage handling, and customer service between the relevant airlines.
Interim Financial Information	The Company's unaudited condensed interim financial information for the nine-month period ended 30 September 2024G.
Investment Funds Regulations (IFR)	The Investment Funds Regulations (IFRs) issued by CMA Board Resolution No. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 2-22-2021, dated 12/07/1442H (corresponding to 24/02/2021G), and as may be amended.
IPO Proceeds	(SAR 2,706,294,000) from the sale of the New Shares resulting from the increase in the Company's share capital for the purpose of the Offering.
Jackson Square	Jackson Square Aviation Ireland Limited.
Kingdom or KSA	The Kingdom of Saudi Arabia.
Labor Law	The Labor Law issued under Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	BSF Capital.
Legal Advisor	The Law Firm of Latham & Watkins
Legal Advisor to the Financial Advisors, Lead Manager, Bookrunners and Underwriters	Gibson, Dunn & Crutcher LLP.
Libanet	Libanet KSA LTD.
Listing	Admission to listing of the Company's Shares on the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 4-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G), and as may be amended.

Lock-up Period	The period during which Substantial Shareholders are subject to a lock-up of 6 months from the date on which trading of the Offer Shares commences on the Exchange, during which they may not dispose of their shares.
Market Consultant	A.T. Kearney Saudi Arabia Ltd.
Market Study	The market study prepared by A.T. Kearney Saudi Arabia Ltd.
Matarat	Matarat Holding Company.
MCRA	Modern Consortium for Refueling Aircraft Co.
MHRSD	The Saudi Ministry of Human Resources and Social Development.
Ministry of Commerce (MoC)	The Saudi Ministry of Commerce.
MTU Company	MTU Maintenance Zhuhai Co. Ltd.
NAS Holding	National Air Services Company.
Navit Air Company	Navit Air LLC.
Net Offering Proceeds	The Offering proceeds after deduction of the Offering expenses.
New Shares	17,426,893 new shares scheduled to be issued and sold by the Company in connection with the Offering.
Oak Cone	Oak Cone Aircraft Leasing Limited.
Offer Price	(SAR 80) per share.
Offer Shares	51,255,568 ordinary shares, consisting of the Sale Shares and New Shares, representing 30% of the Company's share capital post-Offering (and 33.4% of the Company's share capital before the capital increase).
Offering	Offering of 51,255,568 ordinary shares, representing 30% of the Company's share capital post-Offering (and 33.4% of the Company's share capital before the share capital increase) for public subscription on the Exchange.
Offering Period	The period commencing on Wednesday 01/12/2025 (corresponding to 28/05/2025G), which will remain open for three (3) days up to and including the closing day on Sunday 05/12/1446H (corresponding to 01/06/2025G).
Official Gazette	Um Al Qura, the official Gazette of the Kingdom of Saudi Arabia.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
OSCOs or Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution 3-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G), and as may be amended.
Oriental	a. Oriental Leasing 18 Company Limited. b. Oriental Leasing 21 Company Limited. c. Oriental Leasing 19 Company Limited. d. Oriental Leasing 18 Company Limited. e. Oriental Leasing 36 Company Limited. f. Oriental Leasing 51 Company Limited.
Participating Parties	The parties entitled to participate in the book-building process, namely: a. public and private funds that invest in securities listed on the Saudi Stock Exchange if permitted by the fund's terms and conditions, while adhering to the provisions and restrictions stipulated in the Investment Funds Regulations and the Book Building Instructions; b. Capital Market Institutions licensed by the CMA to deal in securities as principals, while adhering to the provisions stipulated in the Prudential Rules when submitting the Bid Form; c. clients of a Capital Market Institution authorized by the CMA to conduct management activities in accordance with the provisions and restrictions set forth in the Book Building Instructions; d. legal persons entitled to open an investment account in the Kingdom and an account with Edaa, including foreign legal persons who may invest in the market where the shares of the Company are to be listed, taking into account the controls for listed companies' investment in securities listed on the Exchange stipulated in CMA Circular No. 05158/6, dated 11/08/1435H (corresponding to 09/06/2014G), issued pursuant to CMA Board Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 19/05/2014G); e. Government entities, any supranational authority recognized by the CMA or the Exchange or any other stock exchange recognized by the CMA or the Depository Center (Edaa); f. Government-owned companies, whether investing directly or through a private portfolio manager; and g. GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
Passenger Traffic Exchange	An arrangement between airlines to allow passengers to travel on multiple airlines under a single reservation, which is achieved through the integration of flight schedules and services.

PayPal	PayPal PTE Ltd.
Prospectus	This Prospectus which has been prepared by the Company in connection with the Offering.
Public	In accordance with the Rules on the Offer of Securities and Continuing Obligations, persons other than the following: a. Affiliates of the Issuer; b. Substantial Shareholders of the Issuer; c. Directors and Senior Executives of the Issuer; d. directors and senior executives of the Affiliates of the Issuer; e. directors and senior executives of the Substantial Shareholders of the Issuer; f. any relative of the persons referred to in a, b, c, d, or e above; g. any company controlled by any person referred to in a, b, c, d, e or f above; or h. persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed. In accordance with the Listing Rules, persons other than the following: a. Affiliates of the Issuer. b. Substantial Shareholders of the Issuer. c. Board Members and Senior Executives of the Issuer. d. Board members and senior executives of the affiliates of the Issuer. e. Board members and senior executives of Substantial Shareholders of the Issuer. f. Any relative of the persons referred to in a, b, c, d, and e above. g. Any company controlled by any person referred to in a, b, c, d, e, or f above. h. Persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.
Qualified Foreign Investor (QFI)	A foreign investor that is qualified, in accordance with the Rules for Foreign Investment in Securities, to invest in listed securities. Qualification applications must be submitted to a licensed Capital Market Institution for evaluation and approval in accordance with the Rules for Foreign Investment in Securities.
Receiving Agents	The Receiving Agents whose names are mentioned on page (x) of this Prospectus.
Regulation S	The provisions of Regulation S of the US Securities Act of 1933G, as amended.
Related Party or Related Parties	The term "Related Party" or "Related Parties" in this Prospectus and in accordance with the Glossary of Defined Terms Used in the Regulations of the Capital Market Authority includes the following entities: a. Affiliates of the Issuer; b. Substantial Shareholders of the Issuer; c. Directors and Senior Executives of the Issuer; d. directors and senior executives of the Affiliates of the Issuer; e. directors and senior executives of the Substantial Shareholders of the Issuer; f. any relative of the persons referred to in a, b, c, d, or e above; and g. any company controlled by any person referred to in a, b, c, d, e, or f above
Relatives	Husbands, wives and minor children. For the purpose of the Corporate Governance Regulations: a. fathers, mothers, grandparents, grandmothers, and ascendants thereof; b. children, grandchildren, and descendants thereof; and c. full brothers and sisters, paternal half-brothers and sisters, and maternal half-brothers and sisters; and d. husbands and wives.
Rules for Foreign Investment in Securities	The Rules for Foreign Investment in Securities issued pursuant to CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), as amended.
SAB	Saudi Awwal Bank.
SABIC	Saudi Basic Industries Corporation.
Sale Shares	33,828,675 ordinary shares of the Company's existing shares scheduled to be sold by the Selling Shareholders in connection with the Offering.
Sale-Leaseback Agreements	Agreements entered into between the Company and third parties, under which the Company sells aircraft in coordination with Airbus to third parties, who in turn lease them back to the Company after the necessary arrangements have been made.
Saudi Aircraft Services Limited	Saudi Aircraft Services Limited Company.
Saudi Amad	Saudi Amad for Airport Services and Saudi Transport.
Saudi Aramco	The Saudi Arabian Oil Company.
Saudi Riyal or SAR	The Saudi riyal, the official currency of the Kingdom.

Second Aircraft Sale-Leaseback Agreements with Oriental	a. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 20/05/1436H (corresponding to 11/03/2019G). b. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 04/03/1440H (corresponding to 12/11/2018G).
Secretary	The secretary of the Company's Board of Directors.
Selling Shareholders	The shareholders selling the Sale Shares, namely: 1. National Flight Services Company. 2. Kingdom Holding Company. 3. Nasser Ibrahim Rashid Al-Rashid. 4. Mawarid Investment Company. 5. Hamza Bahi Adeen Alsayed Al Kholi. 6. Saudi General Investment Trading and Services Company. 7. Salman Mohammed Khalid Bin Hethlain. 8. Yousef Abdul Sattar Qassem Al Maimani.
Senegalese Hajj Delegation	The general delegation for Hajj to the holy Islamic lands in Senegal.
Senior Executives or Executive Management	Any natural person who is assigned by the Company's Board or by a Director to oversight and management tasks, whether individually or jointly with other persons, and who reports directly to the Board, a Director or the CEO.
Shareholders	Any owner of shares in the Company.
Shares	Any fully paid ordinary shares in the Company with a nominal value of ten Saudi Riyals (SAR 10) per share.
SOCPA	The Saudi Organization for Chartered and Professional Accountants in the Kingdom.
Stock Exchange, the Exchange or the Saudi Tadawul	The Saudi Exchange Company.
Subscribers or Investors	The Participating Parties and Individual Subscribers.
Subscription Application Form	The Subscription Application Form that Individual Subscribers and Participating Parties (as applicable) must fill out to subscribe for the Offer Shares.
Substantial Shareholder	Any person holding 5% or more of the Company's share capital.
Substantial Shareholders	The Substantial Shareholders of the Company who directly own 5% or more of its shares as of the date of this Prospectus are: (1) National Flight Services Company, (2) Kingdom Holding Company, and (3) Nasser Ibrahim Rashid Al Rashid.
Summary Interim Financial Information	The unaudited summary interim financial information for the nine-month period ended 30 September 2024G.
Swap Agreements	Agreements that non-GCC Foreign Investors residing outside the KSA and non-GCC institutions incorporated outside the KSA enter into with a Capital Market Institution licensed by CMA to indirectly invest in the shares in order to acquire the economic benefits of the shares.
Tabby Company	Saudi Tabby Telecommunications and Information Technology Company.
Tamara Company	Nakhla Information Systems Technology Company.
Third Aircraft Sale-Leaseback Agreements with Oriental	a. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 10/08/1442H (corresponding to 23/03/2021G). b. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 24/07/1442H (corresponding to 08/03/2021G).
Underwriters	Goldman Sachs Saudi Arabia, BSF Capital and Morgan Stanley Saudi Arabia.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
United Fuel Company	United Fuel Company Limited.
US Securities Act	The US Securities Act of 1933G, as amended.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom.

2. Risk Factors

Prospective investors should carefully consider all information provided in this Prospectus, including the following risk factors, prior to deciding to invest in the Offer Shares. The risk factors described below are those that the Company currently believes could affect the Company and any investment in the Offer Shares. The risks mentioned below do not necessarily comprise all the risks that may affect the Company or are associated with an investment in the Offer Shares. There may be other risks that are not currently known to the Company, or that the Directors currently believe are immaterial. The occurrence of any such risks may materially and adversely affect the Company's business, financial position, results of operations and prospects, the trading price of the Shares and the Company's ability to distribute dividends, which may cause investors to lose all or a portion of their investment in the Shares.

The Directors confirm that, to the best of their knowledge and belief, there are no material risks, other than those mentioned in this section, that may affect investors' decisions to invest in the Offer Shares as of the date of this Prospectus. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks and benefits of such investment and the Offer Shares in general, and the economic and regulatory environment in which the Company operates in particular.

An investment in the Offer Shares under this Prospectus involves high risks and is appropriate only for those investors who are able to evaluate the risks of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have any doubts about which actions to take should refer to a financial advisor duly licensed by the CMA for advice in connection with investment in the Offer Shares.

The risks described below are not presented in an order which reflects their importance or expected effect on the Company. There may be other risks that the Company is currently not aware of, or that it currently believes to be immaterial, which may in the future have the same effects or consequences stated in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus are not purported to be: (a) a complete list of all risks that may affect the Company or its operations, activities, assets or the markets in which it operates and/or (b) an explanation of all of the risks related to the investment in the Offer Shares.

2.1 Risks Related to the Company's Business and Operations

2.1.1 Risks Related to the Transfer of a Portion of the Company's Assets to Shareholders

During the financial year ended 31 December 2022G, the Company carried out a settlement whereby the total accounts receivable balance of SAR 121.2 million, which was due from National Flight Services Company (an indirect shareholder at that time) and had previously been accounted for with an expected credit loss provision of SAR 93.0 million, had been transferred to NAS Holding (the sole shareholder of the Company at that time). The net book amount of these receivables was SAR 28.1 million (for further information regarding this settlement and its impact, please refer to Amendment No. 1 wherever it appears in the Prospectus). This settlement resulted in a decrease in the Company's profits for the financial year ended 31 December 2022G of SAR 28.1 million, as well as an increase in the accumulated losses of the same amount, within the changes in equity item for the financial year ended 31 December 2022G. It is worth noting that the aforementioned settlement was completed between shareholders of NAS Holding before the change in the Company's ownership structure and NAS Holding's divestment of its ownership (for further information, please refer to Section 4.1.2 "**Corporate History and Evolution of Share Capital**" of this Prospectus). However, it cannot be guaranteed that there will be no adverse accounting transactions at the Company level in a manner similar to or different than what was done previously, which may have a material adverse impact on the Company's business, financial position, results of operations, and prospects.

2.1.2 Risks Related to Adjusted and Existing Errors in the Financial Statements resulting from the Change in Accounting Policy

The financial statements for the year ended 31 December 2022G were reissued due to a change in the accounting policy related to the distribution of non-cash assets to Shareholders. During the year ended 31 December 2022G, the Company transferred the accounts receivable balance from the National Flight Services Company (a non-controlling shareholder of the parent company at that time) to NAS Holding (the parent company at that time) without consideration, amounting to SAR 121.2 million. In the previously issued financial statements, as of May 2023G, this transfer was treated as a distribution of a non-cash asset to NAS Holding (the parent company at that time) at fair value. Since the asset was under the control of NAS Holding (the parent company at that time) before and after the distribution, IFRIC Interpretation No. 17 ("Distributions of Non-cash Assets to Owners") was not applicable in accordance with paragraph 5 of IFRIC Interpretation No. 17. At that time, the Company determined that, in the absence of directives under the International Financial Reporting Standards (IFRS), it was necessary to develop an appropriate accounting policy in accordance with IAS 8 (Paragraphs 10–12). The Company chose to apply IFRIC Interpretation No. 17 analogically, and accounting for the distribution was made at fair value as a generally accepted accounting practice.

The accounts receivable were previously recorded at an amount of SAR 28.1 million, net of the expected credit loss of SAR 93.0 million. In light of the improvement in credit quality during the financial year ended 31 December 2022G, prior to the distribution date, the fair value at the distribution date was determined to approximate the nominal value of SAR 121.2 million. Accordingly, profits from the distribution amounting to SAR 93.0 million were recognized in profit or loss.

In addition to the re-issuance described above, the previously issued financial statements on 31 December 2022G included adjustments to the comparative figures for the financial year ended 31 December 2021G. These adjustments were included in the financial statements for the year ended 31 December 2022G, as the financial statements for the year ended 31 December 2021G were not reissued.

During the financial year ended 31 December 2022G, the Company changed its treatment of leased aircraft comprehensive maintenance expenses due to the misapplication of the previous accounting policies in prior years, as explained below in respect of Amendment 2. However, the accounting standards have not been uniformly applied. If the lessor and lessee agree to extend the relevant lease, the Company shall be required in its capacity as the lessee to recognize the right-of-use assets and deduct the corresponding lease liabilities under the lease adjustment item in accordance with IFRS 16 at the time of extension. This shall require the recalculation and adjustment of the right-of-use assets and the corresponding lease liabilities, which will then be amortized and subjected to interest, respectively. 13 Airbus A320CEO aircrafts have been excluded from the capitalization of variable heavy maintenance expenses, as their leases were scheduled to expire in the financial years ended 31 December 2023G and 2024G. Upon the change in accounting policy on 31 December 2022G, the financial impact associated with these aircrafts, ranging between SAR 35.4 million and SAR 38.0 million, representing between 1.8% and 1.9% of the total lease liabilities, was recognized in the Company's reissued financial statements for the financial year ended 31 December 2022G, noting that the lease renewal for these aircrafts is subject to a mutual agreement between the lessor and the lessee at or before the end of the lease term, and there is no guarantee that such leases will be renewed for an additional period. There was no intention to extend any of the thirteen aircraft leases on the date of the change in the accounting policy for maintenance. The lease liabilities related to the main lease, re-delivery and fixed maintenance costs were appropriately calculated and recorded in the financial statements. During the financial year ended 31 December 2024G, the Company extended the airframe leases for 3 aircrafts only, out of a total of 13 aircrafts, meaning that only the main lease was extended. Other components, such as engines and spare parts, were not extended. Therefore, no maintenance liabilities arose, however the main lease liability was recognized appropriately at the time of extension. Accordingly, failure to uniformly apply the standards may lead to a material adverse effect on the Company's business, financial position, results of operations and prospects. (for further information, please refer to Section 2.1.44 "**Risks Related to Lease Liabilities**" of this Prospectus).

Details of Amendment 2:

During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in its previous accounting policies. In previous years, the Company incorrectly expensed refundable maintenance deposits due to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease, with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.

Where applicable, amendments have been made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted in the Kingdom. As a result, Management has retrospectively restated the comparative figures to correct all prior year errors in the financial statements for the year ended 31 December 2022G as previous year amendments. However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 includes the additional correction in presentation.

Accordingly, the Company's performance and valuation are significantly affected by changes in operating assumptions and standards. Any slight change in the methodology or assumptions mentioned or any misapplication could lead to a significant impact on the Company's financial and administrative results and valuation, which in turn could have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.3 Risks Related to Reliance on Lessors to Lease Aircraft and their Credit Ratings

The Company's ability to obtain leased aircraft (in sale-leaseback operations) depends on the lessors' ability to provide aircraft under the terms of the relevant agreements for the purpose of carrying out its business, and its lessor selection process includes verifying their acceptance or qualification by Airbus in its capacity as the main seller. Nonetheless, the Company does not follow any practice whereby it reviews the lessors' credit ratings before selecting and contracting with them. Although all the lessors' ratings are either stable or positive, with the exception of Avilease, which is not rated, the majority of lessors are rated in the range of BBB- to BBB+, which is considered low. The following are the details of the aircraft lessors' credit ratings:

Table 2.1: Credit ratings of aircraft lessors

Credit Rating and Expectations							
Special Purpose Entity	Leasing Company	Number of Aircraft	Percentage of Total Fleet as of 30 September 2024G	Rating History	Rating Agency	Long-Term Credit Rating	Rating Outlook
Special Purpose Entity 1	Lessor 1	2	3.5%	29/04/2024G	S&P Global Ratings	A-	Stable
Special Purpose Entity 2		5	8.8%				
Special Purpose Entity 3		3	5.3%				
Special Purpose Entity 4		5	8.8%				
		15	**26.3%**				
Special Purpose Entity 5	Lessor 2	3	5.3%	N/A	N/A	N/A	N/A
Special Purpose Entity 6		2	3.5%				
Special Purpose Entity 7		2	3.5%				
Special Purpose Entity 8		2	3.5%				
Special Purpose Entity 9		2	3.5%				
Special Purpose Entity 10		2	3.5%				
		13	**22.8%**				
Special Purpose Entity 11	Lessor 3	3	5.3%	04/06/2024G	Fitch Ratings	BBB-	Positive
Special Purpose Entity 12		12	21.1%				
		15	**26.3%**				
Special Purpose Entity 13	Lessor 4	5	8.8%	08/02/2024G	Fitch Ratings	A+	Stable
		5	**8.8%**				
Special Purpose Entity 14	Lessor 5	2	3.5%	N/A	N/A	N/A	N/A
Special Purpose Entity 15		2	3.5%				
		4	7.0%				
Special Purpose Entity 16	Lessor 6	3	5.3%	27/09/2023G	S&P Global Ratings	A-	Stable
		3	**5.3%**				
Special Purpose Entity 17	Lessor 7	1	1.8%	04/06/2024G	S&P Global Ratings	A-	Stable
		1	**1.8%**				
Special Purpose Entity 12	Lessor 8	1	1.8%	29/05/2024G	S&P Global Ratings	BBB-	Stable
		1	**1.8%**				
		57					

Source: Company's information

It is worth noting that the Company has not previously faced problems from any of the lessors due to their low credit rating and their inability to fulfill their obligations, but this cannot be guaranteed to continue in the future. It is also worth noting that if lessors are unable to provide aircraft for lease or there is any default on the part of any of the lessors, this could impact the Company's ability to continue its operations, in addition to the material and time costs of finding an alternative. This could adversely impact the Company's profitability, leading to a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.4 Risks Related to the Impairment of the Company's Air Operator Certificate

The Company requires an air operator certificate ("**AOC**") from the General Authority of Civil Aviation (GACA) to conduct commercial aviation business inside and outside the Kingdom, in addition to obtaining the right to access airports and the right to land inside and outside the Kingdom and carry out the activities of the flynas Hajj and Umrah business segment. The Company's AOC was transferred from NAS Holding to the Company as part of a purchase agreement dated 04/03/1437H (corresponding to 15/12/2015G) in which the AOC was valued at SAR 2.0 billion by Deloitte Financial Advisory Services LLP on a fair value basis based on the Greenfield and/or Build-out approach. The Company considered the value of the AOC as part of its intangible assets in its financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, valued at SAR 2.0 billion for each period (for further information, please refer to Section 13.9 "**Intangible Assets**" of this Prospectus). The Company conducts an annual impairment assessment of its AOC using the fair value method, which is primarily based on a set of assumptions, including revenue per passenger, fuel costs, aircraft leasing costs for the flynas LCC business segment, earnings before interest, taxes, depreciation, and amortization (EBITDA) for the flynas Hajj and Umrah business segment, discount rate, and the assumption that the General Authority of Civil Aviation (GACA) will not grant any domestic AOCs to non-Saudi companies, based on the "closed sky" policy in place, which assumes that the General Authority of Civil Aviation will not grant air operation certificates to new, non-Saudi entities to operate in the domestic market, and other assumptions that may be subject to change. Note that the air operation certificate is valid until March 2029G and is renewable every five years. It has been assumed that the certificate is valid indefinitely, as the cost of renewing it is minimal. If there is any change in the assumptions on which the fair value of the AOC was determined, this may result in an impairment of its value and an impact on EBITDA margin. Although there has been no impairment of the AOC in the past, there is a risk to the Company if there is any change in the assumptions used by the Company to determine the fair value, which may have a significant impact on the value of the AOC and consequently on the Company's profitability with respect to the value of such intangible asset. This may have a material adverse effect on the Company's business, financial position, results of operations, potential future dividends and prospects.

2.1.5 Risks Related to Aircraft Sale-Leaseback Transactions and the Details, Accounting Treatment and Effect of Such Transactions on the Company's Financial Statements

As of the date of this Prospectus, the Company generally relies on financing the purchase of its new Airbus A320neo aircrafts through aircraft sale-leaseback transactions, which the Company uses to acquire aircraft to operate within its fleet. Aircraft sale-leaseback transactions are carried out through a number of steps. These include entering into an agreement to purchase the aircraft from Airbus in its capacity as the manufacturer and paying part of the purchase price as an advance payment before the full purchase price is paid by the lessor (with the Company recovering the partial payment it provided) and ownership of the aircraft is transferred to the lessor. The aircraft is then leased back by the Company for the purpose of operating it as part of its fleet, which includes its obligation to perform maintenance works in addition to the payment of lease payments on a regular basis until the aircraft is returned to the lessor in accordance with the terms of the agreement upon its expiry. The number of aircraft leased by the Company under the aircraft sale-leaseback system is 53 aircrafts as of 30 September 2024G, representing the Company's entire fleet of Airbus A320neo as of the date hereof (for further details regarding aircraft sale-leaseback operations, please refer to Section 13.4.1 "**Aircraft Purchase and Leaseback Agreements**" of this Prospectus).

If the Company is unable to comply with its obligations under the terms of the relevant agreement, whether as a result of a decrease in the Company's revenues or liquidity or an increase in costs related to financing or the Company's operations due to market conditions or other reasons, this could result in the Company losing the leased aircraft temporarily or permanently in the event of the termination of the relevant agreements. Accordingly, any noncompliance with respect to aircraft sale-leaseback transactions may have an adverse impact on the Company's ability to use those aircraft, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

It is also worth noting that the accounting treatment of aircraft sale-leaseback transactions is recognized in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom. The asset is recognized in right-of-use assets, lease liabilities and provisions related to aircraft are recognized in the statement of financial position, and the value of the profit or loss on the sale and purchase transaction is recognized in the statement of profit or loss and other comprehensive income (for further information, please refer to Section 6.8 "**Statement of Financial Position**" of this Prospectus). The accounting treatment depends on several factors, including the contracted lease value, the duration of the agreement, the sale price, the financing cost, and the number of such transactions. This may result in an increase in the Company's costs and a significant change in the statement of profit or loss and other comprehensive income and financial position. Changes in accounting standards may also lead to a reformulation of the financial statements (for further details, please refer to Section 2.1.47 "**Risks Related to the Use of Accounting Assumptions, Estimates and Judgements, and the Corresponding Errors**" of this Prospectus). In addition, the right-of-use assets, i.e., the aircraft leased under the arrangements referred to above, are subject to depreciation and amortization during the term of the lease contract. Changes in estimates of the productive life or residual value of these assets may lead to changes in depreciation and amortization expenses, impacting the Company's net profits and costs. Accordingly, there are several factors that may significantly impact the accounting treatment of aircraft sale-leaseback transactions. This may have an adverse impact on the accuracy of the Company's financial statements, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.6 Risks Related to the Impact of Profits from the Sale of Equipment on the Company's Net Profits

The Company follows the method of selling aircraft and leasing them back within aircraft sale-leaseback transactions for the purpose of financing the purchase of its new aircraft. These transactions resulted in the recognition of profits resulting from sales in the amounts of SAR 129.7 million for 10 aircraft, SAR 131.7 million for 8 aircrafts, SAR 283.2 million for 19 aircrafts, and SAR 172.7 million for 11 aircrafts and SAR 130.7 for 6 aircrafts in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The Company recognizes profits on sale-leaseback operations based on lease cash flows and the requirements of IFRS 15 and IFRS 16, which caused the profit margin from aircraft sale-leaseback transactions to improve by 4.9%, 2.8%, 4.5%, 3.5% and 2.2% in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

Note that profits after deducting sale-leaseback transactions amounted to SAR (109.8) million, SAR 36.3 million, SAR 118.2 million, SAR 154.2 million and SAR 361.9 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The Company also disclosed capital commitments to purchase 70 aircrafts scheduled to be delivered to the Company in 2030G, which are expected to be completed through aircraft sale-leaseback transactions. However, it cannot be guaranteed that the gains and profits resulting from these arrangements will continue at the same level due to internal reasons – including its inability to continue following this approach, its inability to sell its assets for any reason, or the failure to achieve these profits in future periods – and the change in market conditions due to the entry of new influential parties in the aviation sector, such as the entry of new airlines or aircraft leasing companies that compete with the Company. This could result in additional pressures that may adversely affect the Company's profitability and may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.7 Risks Related to Profits from the Sale of Aircraft

Sale-leaseback operations, which the Company uses to acquire aircraft to operate within its fleet, include a number of steps. These include entering into an agreement to purchase the aircraft from the manufacturer and paying part of the purchase price before the full purchase price is paid by the lessor (with the Company recovering the partial payment it provided) and ownership of the aircraft is transferred to the lessor. The aircraft is then leased back by the Company for the purpose of operating it as part of its fleet. It is worth noting that the Company sells the aircraft to the relevant lessor for the purpose of transferring the ownership of the aircraft. This entails recording a profit from that transaction based on the fair value of the aircraft, as compared to the price of the purchase from the aircraft manufacturer. Note that the Company entered into 10, 8, 19, 11 and 6 aircraft sale-leaseback transactions in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The Company's total profits from aircraft sales to lessors amounted to SAR 129.7 million, SAR 131.7 million, SAR 283.2 million, SAR 172.7 million and SAR 130.7 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, according to the lease contract cash flows and the requirements of IFRS 15, representing 4.9%, 2.7%, 4.2%, 4.5% and 1.9% of the Company's total revenues in the same periods, respectively. The profits from aircraft sale-leaseback operations and aircraft sales saw operating margins (i.e., earnings before interest and taxes) improve by 4.9% in the financial year ended 31 December 2021G, 2.8% in the financial year ended 31 December 2021G-2022G, 4.5% in the financial year ended 31 December 2021G-2023G, 3.5% in the nine-month period ended 30 September 2023G and 2.2% in the nine-month period ended 30 September 2024G. The Company's ability to determine the aircraft sale price to lessors and the profits obtained from the sale is affected by market conditions, including market value, volume of demand for aircraft and aircraft leasing, book value, and uncertain values. Any adverse conditions or decline in those values may affect the Company's ability to realize gains from sale-leaseback operations from these transactions. The Company's ability to record profits from the sale of aircraft is also subject to the relevant accounting standards. Note that any error or change in the application of these standards may affect the Company's ability to recognize profits from the sale of aircraft as part of aircraft sale-leaseback operations, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.8 Risks Related to Trends and Increases in Fuel Prices

Fuel costs are the largest item in the Company's operating expenses. They amounted to SAR 502.3 million, SAR 1,432.5 million, SAR 1,604.7 million, SAR 1,183.1 million and SAR 1,351.9 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 21.0%, 34.0%, 29.4%, 27.7% and 28.8% of the cost of revenues in the same years, respectively. Historically, fuel prices have been subject to wide fluctuations based on geopolitical developments, exchange rate fluctuations, supply and demand as well as market speculation, and such fluctuations are expected to continue in the future (for further details regarding information on historical fuel prices, please refer to Section 4.7.6 "**Fuel Costs**" of this Prospectus). Fuel prices are affected by fuel supply and demand economics, which in turn are affected by production, supply chains, periods of market surplus and shortage and seasonal demand, including demand for fuel for home heating oil and gasoline, as well as crude oil and refining capacity by respective suppliers. Due to the effect of these and other events on the price and availability of fuel, the Company cannot predict the cost of fuel with any degree of certainty. Further, the Company's suppliers of fuel are contractually permitted to pass on to the Company any increases in their cost of supplying fuel to the Company. The Company may be unable to pass on increased costs of fuel to passengers by increasing fares or by implementing fuel surcharges due to the competitive environment of the airline industry. For these reasons, increases in fuel costs have had, and future increases could continue to have from time to time, a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, the Company does not currently have hedging arrangements in place to mitigate risks associated with increases and fluctuations in the price of fuel. It is also worth noting that the aviation fuel supply agreements entered into by the Company with Arabian Petroleum Supply Company (APSCO), United Fuel Company Limited, Air Total SA, Associated Energy Group, HIFA OIL doo Tešanj, Saudi Aircraft Services Limited, Modern Consortium for Refueling Aircraft (MCRA), Indian Oil Corporation (IOC) and other companies include provisions that allow suppliers to amend and review prices for various reasons including a review of fuel prices by Saudi Aramco, the aircraft kerosene reference index, other fuel market indicators, or agreed-upon pricing provisions. In general, these include pricing mechanisms based on the base fuel price, supplier margins, and relevant fees and taxes, in addition to the possibility of reviewing prices due to pricing changes or restrictions approved by regulatory authorities and changes in the location of fuel supply and delivery. It is also worth noting that the fuel supply agreement entered into with APSCO includes provisions under which any delivery site shall be deemed automatically removed from the agreement without notice or any other action by either party if it is affected by a change in prices or restrictions on the supplier's ability to impose and collect fees or a restriction on the Company's ability to pay and remit such fees as a result of any official decisions, provided that all fuel supply operations at that site shall cease. This may affect the Company's operations at the relevant site. The Company may also be required to bear third-party costs and fees that are subject to change without prior notice, as is the case with the aviation fuel supply agreement entered into with Associated Energy Group (for further details regarding the Company's material agreements, please see Section 13.4 "**Material Agreements**" of this Prospectus). Accordingly, weather-related events, natural disasters, political disruptions or wars involving oil-producing countries, changes in governmental policies concerning fuel production, transportation or marketing, changes in fuel production capacity, environmental concerns and other unpredictable events may result in unexpected fuel supply shortages and fuel price increases in the future. Therefore, unexpected increases in fuel costs or disruptions or suspensions in fuel supplies will affect the Company's ability to manage its costs, profitability and supply, all of which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.9 Risks Related to Increased Airport Services Costs

The Company's operating costs include airport services costs, which include fees for airport facility use, take-off and landing, ground handling services, gate use, and other services (for further information, please refer to Section 12.1.2(d) "**Fees Applicable to Flights and Airport Facilities**" of this Prospectus). Airport services costs amounted to SAR 510.3 million, SAR 757.0 million, SAR 993.7 million, SAR 714.1 million and SAR 939.7 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, constituting 19.2%, 16.3%, 16.7%, 15.7% and 17.5% of the Company's total costs in the same periods, respectively. It is worth noting that airport costs usually include fees set by government entities or companies or the relevant airports, limiting the Company's ability to negotiate or find an alternative competitor in the event of an increase in fees or costs. Note that any increase in costs or fees may have a direct impact on the level of operating costs. It cannot be guaranteed that the Company would be able to pass on these costs to customers through fare increases or other services, as the Company operates on a low-cost carrier model. Accordingly, any increase in airport service costs without any corresponding increase in the Company's revenues may result in a decrease in its profit margins, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.10 Risks Related to the Increase in Maintenance Costs due to Aging and Depreciation of the Company's Fleet

As of 30 September 2024G, the average age of the Company's narrow-body fleet was 3.2 years, for a total of 57 Airbus A320 aircrafts. On the basis of the current delivery schedule under the Company's agreement with Airbus, the average age of the Company's Airbus A320 narrow-body fleet is expected to be 3.5 years, 4.1 years and 3.9 years by 31 December 2024G, 2025G and 2026G, respectively, for a total of 57, 68 and 78 narrow-body aircrafts for the same periods, respectively. The average age of the Company's wide-body fleet is 8.3 years as of 30 September 2024G, for a total of 4 Airbus A330 aircrafts. The average age of the Company's wide-body Airbus A330 fleet is expected to be 9.1 years, 10.1 years and 11.1 years by 31 December 2024G, 2025G and 2026G, respectively, for a total of 2, 4 and 4 wide-body aircrafts for the same periods, respectively (for further information regarding the agreements entered into by the Company, please see Section 13.4 "**Material Agreements**" of this Prospectus). The Company is set to receive deliveries of further new aircraft on an annual basis and until delivery is completed, with that, the Company will be operating a young fleet of aircraft. However, the Company's fleet may require more maintenance as it ages and overall maintenance and overhaul expenses may increase, on an available seat kilometer basis and as a percentage of its operating expenses. Maintenance costs for the Company's fleet amounted to 14.9%, 12.3%, 13.7%, 13.6% and 14.8% of the Company's total costs during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. Note that the aircraft leasing agreements entered into by the Company as part of its operations include provisions requiring the payment of reserve amounts to cover maintenance costs on a monthly basis with the option to provide a standby letter of credit to cover those costs. The Company began issuing letters of credit as of the financial year ended 31 December 2022G (for more information, please see Section 2.1.47 "**Risks Related to the Use of Accounting Assumptions, Estimates and Judgements, and the Corresponding Errors**" of this Prospectus). The Company obtained 8, 19, 11 and 6 aircrafts in the financial years ended 31 December 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, after issuing the letters of credit used by lessors in the event of maintenance operations. Therefore, any additional increase in maintenance and overhaul expenses or the value of letters of credit could negatively impact the Company's profitability, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is also worth noting that the value of the fleet decreases as the average age of the aircraft increases. The aircraft are expected to become obsolete in the coming years as a result of the normal wear and tear on the aircraft accompanied by depreciation in terms of accounting valuation, which may be affected by a number of factors, including the aging of the aircraft, technological developments, regulatory and market changes, and the aircraft's need for maintenance and repair. The factors mentioned affect the demand for and value of the fleet because its condition is affected by use, wear and tear, and the existence of more advanced alternatives, or its need for expensive maintenance and repair work to keep pace with technological developments or technical requirements and market conditions. Note that the impairment of the fleet may result in the impairment of the aircraft operated by the Company, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.11 Risks Related to the Company's Limited Ability to Control Costs

The airline industry, in which the Company operates a low-cost structure, is generally characterized by high fixed operating costs and low profit margins. Fixed operating costs relate predominantly to aircraft financing, crew salaries, depreciation and amortization, insurance and overhead costs. Players in the aviation industry, including the Company, have limited control over many of their costs as some of their costs may increase or cannot be reduced or hedged. For example, the Company has limited control over the price and availability of aircraft fuel, airport and related infrastructure fees and taxes, which are generally increasing as a result of the privatization of airports in the Kingdom, being the largest market in which the Company operates, the cost of meeting changing regulatory requirements and capital or financing costs. The Company's operating costs amounted to SAR 2,484.9 million, SAR 4,366.8 million, SAR 5,493.1 million, SAR 4,323.2 million and SAR 4,936.0 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 93.0%, 90.8%, 86.3%, 88.2% and 83.8% of the Company's revenue in the same financial periods, respectively. Moreover, faced with increased costs, the Company may not be able to generate sufficient revenues. In addition, competing companies may lower their prices or make other changes to their services, which may affect the Company's customer base, the level of demand for its services and its pricing strategy (for further information regarding risks related to competition, please see Section 2.2.7 "**Risks Related to Competition**" of this Prospectus). Therefore, any competitive activity and change in the Company's costs would have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Furthermore, the Company's performance depends on its ability to maintain profitability by setting and offering reasonable fees and commissions for its services and its ability to sustain any higher costs in connection with services offered to its customers by increasing the relevant fees and commissions. The Company may not be able to increase the fees and commissions to keep pace with any increase in costs, as prices generally depend on market conditions and the Company's pricing strategy. Moreover, the Company cannot completely control its costs as it is subject to a number of factors that may affect such costs, including economic factors, the regulatory environment and other factors that include, but are not limited to, the increase in cost of utilities, labor costs and the costs of contracts entered into by the Company with third-party service providers. If costs of services increase, and the Company is unable to raise the prices of such services to keep pace with the increase in costs, the Company's profitability could be adversely affected. This could lead to a decrease in its cash flow, profit margins and its inability to implement future expansion works, which could, in turn, have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.12 Risks Related to Payables and the Concentration of Payables

In the context of its operations, the Company deals with several suppliers and external parties for the supply of equipment, fuel and spare parts, as well as for the provision of services. As a result, the Company has obligations to settle payables and short-term obligations. Note that these obligations are usually included in current liabilities in the Company's statement of financial position. These payables owed by the Company amounted to SAR 1,242.5 million, SAR 928.7 million, SAR 1,030.9 million and SAR 966.5 million for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G, respectively, constituting 47.1%, 34.2%, 32.1% and 27.8% of total current liabilities in the same periods, respectively. The Company relies on its internal resources and cash liquidity in addition to the facilities available to it for the purpose of satisfying and settling short-term payables. Accordingly, the Company's ability to comply with settling payables is affected by the level of internal resources and cash liquidity and the availability of facilities during the required period. Note that the Company's inability to manage its resources as required to meet the obligations to settle payables due to pressures on the Company's internal resources and liquidity or the termination of any of the financing facilities could cause the provision of equipment, fuel, or spare parts to be delayed or cause the same to be unavailable currently or in the future, in addition to negatively affecting relationships with suppliers and Related Parties as a result of the failure to settle payables as required or on time. Any of these situations could have a material adverse impact on the Company's business, financial position, results of operations and prospects.

It is worth mentioning that the trade payables of the top 10 suppliers amounted to SAR 868.8 million, SAR 679.1 million, SAR 715.4 million and SAR 614.5 million during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 69.9%, 73.1%, 70.9% and 69.3% of the total trade payables during the same periods, respectively. These liabilities trace to amounts related to purchases from suppliers. If the Company is unable to pay these amounts for any reason, this may expose it to disputes and lawsuits by creditors, or the deterioration of relations with the relevant supplier will have an adverse impact on the services provided by the relevant service providers or certain service providers. This may have a material adverse impact on the Company's operations, especially its ability to supply materials and services used within its operations, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.13 Risks Related to the Company's Business and Operations

The Company recorded accumulated losses amounting to SAR 856.9 million, SAR 695.2 million and SAR 308.3 million for the financial years ended 31 December 2021G, 2022G and 2023G, respectively, representing 55.9%, 45.3% and 20.1% of the Company's capital in the same periods, respectively. The Company did not record accumulated losses in the nine-month period ended 30 September 2024G. Note that the losses referenced in the notes to the financial statements for the financial year ended 31 December 2021G and the reissued financial statements for the financial years ended 31 December 2022G and 2023G, respectively, were referenced based on the principle of continuity, given the scale of the losses and concerns about their impact on the Company's ability to overcome them and continue. Net current liabilities amounted to SAR 2.0 billion, SAR 1.2 billion, SAR 1.2 billion and SAR 0.5 billion in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Therefore, the Company's failure to manage its accumulated losses, profitability and liquidity may result in difficulties in obtaining financing from financing entities, increasing its fleet size and managing its operations effectively due to low liquidity or unfavorable contractual provisions for financing or acquisitions, in addition to the Company's history of losses. Moreover, the Company is subject to the provisions of the Companies Law with respect to accumulated losses, which require the Board of Directors to disclose losses if they reach 50% of the Company's share capital and to invite the Extraordinary General Assembly to convene to consider the continuation of the Company and take any of the necessary measures to address such losses, or its dissolution. The Company's Shareholders have issued a resolution confirming their support for the continuation of the Company in accordance with the Companies Law, after they were notified of the accumulated losses that amounted to 55.9% of the Company's capital for the financial year ended 31 December 2021G. Following listing, the Company will be subject to the Implementing Regulations of the CMA, which include procedures and instructions for companies whose shares are listed on the Exchange whose accumulated losses amount to 20% or more of their share capital, including provisions regulating the required disclosures in the event that the Company's accumulated losses reach 20% or more of its share capital. The Company's failure to comply with any of the applicable regulatory provisions will expose it to penalties and fines, which may affect its profits, financial performance and reputation. This could have a material adverse effect on the Company's business, results of operations, financial position and prospects (for further information, please refer to Section 2.1.59 "**Risks Related to Compliance with the Companies Law and the Corporate Governance Regulations**" of this Prospectus).

2.1.14 Risks Related to Future Capital Expenditures

The capital expenditures of the Company amounted to SAR 1.8 billion, SAR 1.6 billion, SAR 3.7 billion and SAR 1.3 billion during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Company's capital expenditures may be subject to increase as a result of a number of factors, including, but not limited to, the costs related to the Company's planned growth and strategy, which entail the purchase of flight equipment and additional aircraft to increase the size of the Company's fleet. As of 30 September 2024G, the Company has capital expenditures (the total expenditures on long-term assets over a specified period of time, which the Company is committed to pay) committed for a total of SAR 13.8 billion for 67 aircraft to be delivered in phases through 2030G. All new aircraft are expected to be financed through sale and lease-back arrangements with lessors, which is expected to have a direct impact on the Company's income statement (for further information regarding the Company's planned growth and strategy, please refer to Section 4.2.3 "**The Company's Strategy**" and Section 8 "**Use of Offering Proceeds**" of this Prospectus). The impact of capital expenditure commitments and the increased spending may be substantial compared to the previous levels of the Company's capital expenditure, due to the growth plans and strategy, in connection with new expansion projects, acquisitions and investments. Such increase may limit the Company's resources that may otherwise be used for other purposes including operating expenses for overhead costs, day-to-day expenses and research and development. This may also require that the Company obtain additional financing to sufficiently cover any operating requirements or obligations (for further information, please refer to Section 2.1.41 "**Risks Related to Financing and Credit Facilities**" of this Prospectus). In addition, the Company may not achieve the expected, desired or targeted results from the invested capital expenditure and increases with respect to the same, in time or at all. Any increase in the Company's future capital expenditures may also reduce its profit margin and funds available to operate the Company's current operations and services, and increase the Company's operating expenses. The occurrence of any such event could add additional pressure on the Company's profit margins and result in negative publicity with respect to its financial and operational performance. This may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.15 Risks Related to Collection and Concentration of Receivables and Delays in Collection

The Company achieved revenues from companies and government agencies of SAR 169.5 million, SAR 501.5 million, SAR 1,159.4 million, SAR 997.3 million and SAR 881.1 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 6.3%, 10.4%, 18.2%, 20.4% and 15.0% of the Company's total revenues for the same periods, respectively. Revenues from individuals amounted to SAR 2,503.8 million, SAR 4,307.8 million, SAR 5,202.7 million, SAR 3,902.5 million and SAR 5,010.2 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 93.7%, 89.6%, 81.8%, 79.6% and 85.0% of the Company's total revenues for the same periods, respectively. Total receivables amounted to 3.9%, 3.0%, 4.7% and 6.4% of total revenues in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Company's trade receivables are particularly concentrated in its top 10 customers. Trade receivables for these customers amounted to SAR 119.1 million, SAR 116.9 million, SAR 206.3 million and SAR 427.9 million during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 44.6%, 52.3%, 54.7% and 74.9% of total receivables during the same periods.

It should be noted that NAS Private Aviation Company (a Related Party) is one of the Company's top customers in terms of trade receivables. NAS Private Aviation Company's trade receivables constituted 12.9%, 18.4% and 15.5% of the trade receivables balance in the financial years ended 31 December 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Company also has a receivables balance from the General Authority of Civil Aviation, which amounted to SAR 32.3 million, SAR 32.3 million, SAR 13.4 million and SAR 9.4 million as of the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The Company did not include such balance in the calculation of the expected credit loss provisions as of 30 September 2024G, as it is under settlement of receivables with the General Authority of Civil Aviation, as a government entity. Doubtful debts according to IFRS 9 constituted 60.7%, 34.8%, 20.6% and 17.3% of total commercial debts as of 31

December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Receivables more than 360 days old amounted to SAR 175.3 million (12.9% of which pertains to government entities), SAR 93.3 million (37.0% of which pertains to government entities), SAR 103.4 million (18.4% of which pertains to government entities) and SAR 79.6 million (39.9% of which pertains to government entities) for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Therefore, the Company is exposed to the risk of certain corporate and/or government entities failing to pay amounts outstanding and due to the Company, in time or at all. The Company's performance, revenue and profits depend on the risks related to the collection of receivables, the financial solvency of such customers and the stability of their credit status, as well as the Company's ability to promptly collect its dues from them (for further information, please refer to Section 6.8.2 "**Current Assets**" of this Prospectus).

The following table shows the aging of receivables as on 30 September 2024G:

Table 2.2: Aging of Receivables as of 30 September 2024G

Million SAR	Not due	From zero to 30 days	From 30 days to 60 days	From 60 days to 180 days	From 181 days to 360 days	More than 361 days	Total balance
As of 30 September 2024G	105.3	194.7	57.2	84.9	50.0	79.6	571.6

Source: Company's information

Note that the Company's receivables turnover ratio was 12.4, 9.6, 14.9 and 18.8 for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The following table shows the trade receivables for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G:

Table 2.3: Trade Receivables for the Financial Years Ended 31 December 2021G, 2022G, and 2023G and the Nine-Month Period Ended 30 September 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2021G	2022G	2023G	2024G
Other customers	146.8	194.2	286.1	237.9
Related Parties	120.2	29.5	91.4	88.7
Government entities	39.8	40.0	17.6	244.9
Provision for expected credit losses	(162.5)	(77.8)	(77.8)	(98.9)
Total	**104.5**	**145.9**	**299.7**	**472.7**
Provision for expected credit losses (%)	60.9	34.8	20.6	17.3

Source: The Financial Statements

The following table shows the movement in the credit loss provision for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G:

Table 2.4: Movement in the Credit Loss Provision for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2021G	2022G	2023G	2024G
1 January	119.7	162.5	77.8	77.8
Provision for expected credit losses	42.8	8.4	0.0	21.1
*Amendment	-	(93.0)	-	-
Total	**162.5**	**77.8**	**77.8**	**98.9**

Source: The Financial Statements.

The Company follows the statistical model for expected credit losses at the end of each financial period to calculate the provision for doubtful debtors, except in cases where the Company has verified a full provision for past-due balances. In addition, the balances of Related Parties and government customers are not subject to expected credit losses, as government entities are classified as risk-free contracting parties. In addition to the above, the expected credit loss model does not provide for a 100% provision for receivables that are more than one year old. Note that after excluding the nature of the balances mentioned above, the Company has allocated an additional provision of SAR 21.1 million, mainly due to the inclusion of Related Parties (NasJet and NAS Holding) in the calculation of expected credit losses for the nine-month period ended 30 September 2024G, which were previously excluded from the calculation on the basis that these companies were the parent company at the time (NAS Holding) and a Related Party (NasJet). The estimated credit losses for these companies amounted to SAR 19 million as of 30 September 2024G.

*Amendment 1:

The financial statements for the year ended 31 December 2022G have been reissued because of a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. During the year ended 31 December 2022G, the Company transferred to NAS Holding (the parent company at that time) for no consideration its receivable balance from the National Flight Services Company (a non-controlling shareholder of the parent company at that time) to NAS Holding (the parent company at that time), in the sum of SAR 121,162,264. In the previously issued financial statements, this transfer was treated as a non-cash asset distribution to NAS Holding (the parent company at that time) at fair value. Since the asset was controlled by NAS Holding (the parent company at that time) before and after the distribution, IFRIC 17 ("Distributions of Non-Cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (Paragraphs 10–12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice.

The receivable had previously been carried at SAR 28.1 million, net of an expected credit loss of SAR 93.0 million. In light of the credit quality improvements during the year ended 31 December 2022G, before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121.2 million as such as gain on distribution of SAR 93.0 million was recognized in profit or loss. As of the date of this Prospectus, the Company has changed its accounting policy, now treating the distribution at net book value instead of the fair value. Therefore, the financial statements for the year ended 31 December 2022G have been reissued to exclude the gain on the distribution, as the net receivables transfer of SAR 28.1 million was recorded through accumulated losses. The following table outlines the impact of the amendment on the financial statements for the year ended 31 December 2022G:

Table 2.5: Impact of the Amendment on Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G.

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Profit from transfer of assets to owners	93.0	(93.0)	-
Operating profit	535.6	(93.0)	442.5
Profit before Zakat	270.7	(93.0)	177.7
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	**282.9**	**(93.0)**	**189.9**

Source: The Annual Financial Statements.

Table 2.6: Impact of the Amendment on Equity as of 1 January 2022G

Statement of Changes in Equity as of 1 January 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	282.9	(93.0)	189.9
Transfer of assets to owners	(121.2)	93.0	(28.1)
Accumulated losses	(695.2)	-	(695.2)
Net equity	839.2	-	839.2

Source: The Annual Financial Statements.

The Company's reliance on deferred revenue may expose it to the risks of corporate and government entities delaying payment of amounts due to the Company. In the event that corporate and government entities fail or default to meet their respective obligations, in whole or in part, this will affect the Company's total revenue, which in turn could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is worth noting that the Company's current resource planning system does not offer a feature to record receivables related to any of the Related Parties, as they are not defined in the system as a resource. The preparation of the receivables register and aging is separate and based on Microsoft Excel formulas and algorithms. As on 30 September 2024G, trade receivables from Related Parties older than 180 days amounted to 5.7%, while receivables older than 360 days amounted to nil of its total receivables balance. The Company's reliance on multiple programs and the separate calculation of receivables may result in computational errors. If any such errors occur, this will affect the Company's ability to collect on a timely basis or in general, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

In addition, delays in the Company's collection of payments from corporate and government entities, in whole or in part, will limit the cash availability of the Company and thus will lead to difficulty in financing working capital for the Company or its future projects. This may adversely affect the Company's ability to meet its financial obligations toward third parties, including its obligations toward employees, suppliers and service providers. It may also limit the Company's ability to complete future expansion plans or may limit its ability to distribute dividends to Shareholders. The occurrence of any of the above-mentioned risks could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.16 Risks Related to the Company's Ability to Fund Payments for Firm Aircraft Purchase Orders, its Cash Resources, Liquidity and Financial Condition

The Company may not be able to meet its obligations when they fall due, or may be forced to incur increased costs to meet its obligations due to limited liquidity. The Company has obtained debt financing to fund its growth and aircraft acquisitions in the past, however there is no certainty that the Company will be able to obtain such loans or alternative financings in the future, if required. In particular, the Company's strategy of continued growth is dependent on its ability to purchase or lease additional aircraft, in particular its current aircraft purchase orders.

A substantial part of the Company's liquidity and funding requirements is met through its profits and its related cash flow from operations, as well as debt financing. As of 30 September 2024G, the Company has already financed the purchase of 53 Airbus A320neo aircrafts through lease financing in excess of SAR 10.7 billion. The Company also plans to finance the purchase of 157 aircrafts remaining from its current aircrafts order during the period from 2024G to the end of 2033G. Note that aircraft sale-leaseback transactions allow the Company to lease aircraft, engines, and other assets, with lease terms generally ranging from 6 to 12 years. The Company recognizes right-of-use assets and the associated lease liabilities in its financial statements as of the start date of the lease. The right-of-use asset is initially valued based on the lease cost, which consists of the lease payment due at or before the start of the lease, plus any direct costs related to the transfer and preparation of the asset, less any related incentives. It is worth noting that the Company does not recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less or for leases of low-value assets. The Company recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term. These are typically related to wet lease arrangements with third parties, with lease terms not exceeding six months, in connection with Hajj and Umrah operations.

It is worth noting that the Company has entered into a purchase agreement with Airbus S.A.S (hereinafter referred to as "**Airbus**") dated 02/04/1438H (corresponding to 31/12/2016G), as amended (hereinafter referred to as the "**Airbus Purchase Agreement**"), whereby the Company agreed to purchase 195 Airbus aircrafts and to receive the necessary training to operate those aircraft (for further details, please see Section 13.4.1.1 "**Airbus Aircraft Purchase Agreements**" of this Prospectus). The provisions of the Airbus Purchase Agreement include a pre-delivery payment mechanism. Accordingly, the Company is required to set aside a certain amount of pre-delivery payments with Airbus in connection with the Airbus Purchase Agreement. As of 30 September 2024G, the financing of pre-delivery payments paid by the Company and held by Airbus amounted to SAR 508.5 million, financed from the Company's profits and available loan facilities (for further details, please see Section 13.5 "**Financing Agreements**" of this Prospectus). The Company has entered into a new agreement with Airbus in November 2024G to purchase 30 A330neo wide-body aircrafts. This agreement includes a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. As of the date of this Prospectus, the Company has confirmed a firm purchase order with Airbus for 195 narrow-body aircraft, including 159 A320neo aircraft and 36 A321neo aircraft. for the purpose of the Company's future expansion and replacement of its current fleet, after reaching an agreement with Airbus in this regard in preparation for the signing of the relevant agreements, which may result in a significant increase in its financing needs (for further information regarding the Company's strategy, please see Section 4.2.3 "**The Company's Strategy**" of this Prospectus). Therefore, the Company expects its financing needs to continue to increase significantly in the future. Note that the Company makes aircraft purchase arrangements with Airbus in addition to entering into agreements to lease aircraft from various lessors as part of aircraft sale-leaseback operations. Each transaction is evaluated based on whether it satisfies IFRS 15. Note that in the event of a sale, the relevant asset is derecognized and the right-of-use and lease assets are recognized. Accordingly, proportionate gains were recorded in accordance with IFRS 16.

Accordingly, if the Company is unable to secure such financings, or is unable to secure such financings on adequate terms, it may not be able to finance the purchase or lease of additional aircraft, and may not have sufficient cash flows to fund its growth, meet lease payment obligations or face other issues which may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.17 Risks Related to Related Party Transactions

In the normal course of its business, the Company deals with Related Parties. It has entered into agreements with 10 Related Parties, such as the agreements with Kalair International Limited, NAS Holding, Nas Private Aviation Company, Saudi Air Navigation Services Company, National Flight Services Company, Reem Aviation Limited, Real Estate Investment Company, Four Seasons Hotel and Dune with respect to aircraft management, sale and leaseback, operation and navigation services, the promotion and sale of its services in various cities across the Kingdom, the leasing of residential real estate and catering services, and with BSF with respect to financing, payment services and electronic processing (for further details regarding Related Party transactions, please see Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus). The value of transactions due from Related Parties amounted to SAR 120.2 million, SAR 29.5 million, SAR 91.4 million and SAR 136.5 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The value of revenues from transactions with Related Parties amounted to SAR 91.9 million, SAR 71.6 million, SAR 116.2 million and SAR 89.7 million in the same periods, respectively, representing 3.4%, 1.5%, 1.8% and 1.5% of the Company's revenues in the same periods, respectively. Meanwhile, the value of transactions due to Related Parties amounted to SAR 7.3 million, SAR 25.3 million, SAR 8.8 million and SAR 5.4 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Costs from transactions with Related Parties amounted to SAR 4.1 million, SAR 7.9 million, SAR 115.6 million, SAR 100.3 million and SAR 119.3 million in the same periods, respectively, representing 0.2%, 0.2%, 2.1%, 2.3% and 2.4% of the Company's operating costs in the same periods, respectively. It is worth mentioning that two agreements entered into with Related Parties do not include certain key provisions, such as payment terms. This may cause differences, disputes, or additional costs upon implementation of the terms of the relevant agreement. It should be noted that there was insufficient disclosure of some balances due from and to Related Parties in the financial statements for the financial year ended 31 December 2021G, as the ages of debts for some transactions with Related Parties were not included in the Issuer's financial records and data. These included a debit balance from Kingdom Holding Company in the amount of SAR 0.2 million and balances due to Kingdom City Company and Travel Portfolio Limited in the amounts of SAR 45,400 and SAR 0.3 million, respectively. The low level of disclosure of some balances due may result in a discrepancy in the Company's financial statements regarding its obligations and claims, which could have a material adverse impact on the Company's business, results of operations, financial position and prospects.

The entry into contracts and transactions with Related Parties is subject to the provisions of the laws and regulations in force. As per the Companies Law, all transactions in which any Company Director has a direct or indirect interest must be submitted to the General Assembly for approval, unless such transactions and agreements are entered (a) on the basis of general competition, and/or (b) if such transactions and agreements relate to the personal needs of the relevant Directors, provided that they are entered into on an arm's length basis within the Company's ordinary course of business.

None of the Directors who have an interest in these transactions may vote thereon, whether at the level of the Board of Directors or the Shareholders' General Assemblies. The Company obtained the approval of the General Assembly on 19/12/1445H (corresponding to 25/06/2024G) regarding the transactions and agreements in force with Related Parties in which the Directors have a direct or indirect interest. If the Board or the General Assembly of the Company resolve not to approve similar transactions in the future, the Company may be exposed to the risk of such transactions being challenged or invalidated. Additionally, in the event that future Related Party transactions are not entered into on an arm's-length basis, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.18 Risks Related to Changes in the Profit Margins of Various Segments

The Company's gross profit margin in the flynas LCC segment amounted to 10.6%, 11.6% and 13.5% in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. Note that the improvement in gross profit between the financial years ended 31 December 2021G and 2023G is largely due to the Company launching several new international routes that are more profitable compared to domestic flights, improved load factors, significant growth in additional revenues, and cost optimization measures. Note that the gross profit margin for the nine-month period ended 30 September 2024G improved markedly, reaching 20.8% as compared to 11.5% in the nine-month period ended 30 September 2023G. In addition to the reasons mentioned above, this is due to economies of scale, maintenance cost savings on modern aircraft and lower global fuel prices, which is a major factor affecting the Company's profitability. Note that the positive impact of economies of scale, maintenance cost savings on modern aircraft and lower global fuel prices in previous periods cannot be relied upon, as the Company's profit margins are still subject to pressures for reasons beyond the Company's control, such as fuel prices, in addition to the scale of costs associated with the Company's plan to continuously expand international routes.

The Company's gross profit margin in the flynas Hajj and Umrah segment amounted to (16.8)%, 21.2%, and 19.2% in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. This increase between the financial years ended 31 December 2021G and 2023G is due to the development of infrastructure for the segment and the launch of new services such as the free Hajj visa. Note that the Company generally relies on short-term leases of aircraft under the wet leasing system for flynas Hajj and Umrah segment operations. This also contributed to improving upfront costs. The nine-month period ended 30 September 2024G saw a decrease in the gross profit margin for the flynas Hajj and Umrah segment, which decreased by 25.8% as compared to the nine-month period ended 30 September 2023G.

It is worth noting that the profitability of the flynas Hajj and Umrah segment depends on tracking and allocating costs appropriately within segments, in addition to the Company's reliance on the use of the wet leasing system to lease aircraft as well. Note that in case of a change in the structure of the segment or the infrastructure and related government costs, the Company may be forced to reorganize its operations, which may involve high costs and impact its ability to manage its current operations.

The Company's gross profit margin within the flynas General Aviation Services segment amounted to 7.0%, 16.9% and 8.7% in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. The reason for the increase in the financial year ended 31 December 2022G is due to the Company's restructuring of part of the costs to be borne by the relevant customer under the customer agreement, which resulted in an increase in the gross profit margin. The sector saw profitability increase by 817 basis points in the financial year ended 31 December 2023G due to changes in the revenue mix, as significant revenues were generated from aircraft leasing arrangements with high associated costs, resulting in a decrease in the margin. The flynas Aviation Services segment saw the gross profit margin improve from 3.4% in the nine-month period ended 30 September 2023G to 14.0% in the nine-month period ended 30 September 2024G, driven by lower fuel costs and maintenance expenses, as well as a change in the product mix.

Accordingly, it is worth noting that the Company's profit margins are generally sensitive and subject to pressures for reasons beyond the Company's control, such as fuel prices, sector structure, infrastructure, and arrangements with customers and third parties. Note that any adverse developments could adversely impact the Company's profitability, which could have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.19 Risks Related to the Concentration of the Company's Revenue

A. Concentration of Revenue on Specific Services

The Company launched its operations in 2007G, as a business unit within NAS Holding, by introducing low cost carrier services (hereinafter referred to as "**flynas LCC**"). The Company's revenue from flynas LCC amounted to SAR 2,505.1 million, SAR 4,354.5 million, SAR 5,198.8 million, SAR 3,891.5 million and SAR 4,985.7 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 93.7%, 90.5%, 81.7%, 79.4% and 84.6% of the Company's total revenues, respectively. Revenues from flynas LCC increased by 73.8% from SAR 2,505.1 million in the financial year ended 31 December 2021G to SAR 4,354.5 million in the financial year ended 31 December 2022G. In the financial year ended 31 December 2023G, flynas LCC revenues recorded an additional increase of 19.4% from SAR 4,354.5 million in the financial year ended 31 December 2022G to SAR 5,198.8 million in 2023G, while revenues for the nine-month period ended 30 September 2024G increased by 28.1% (as compared to the nine-month period ended 30 September 2023G) from SAR 3,891.5 million to SAR 4,985.7 million. Revenue from the flynas LCC business segment generally includes revenue from ticket sales, in addition to other ancillary revenue such as excess baggage, inflight meals and seat selection charges. The Company's international and regional presence grew with 45 new destinations launched or restarted in the financial year ended 31 December 2022G, including 22 destinations in new countries including India, Azerbaijan, Qatar, Oman, Algeria, Nigeria, the Czech Republic and France. In the financial year ended December 2023G, 42 routes were launched or resumed operation to countries in the Middle East, Central Asia, Africa and Europe. Meanwhile, the Company continued to expand its presence in the international market in the nine-month period ended 30 September 2024G, entering a new market in Eritrea and launching additional flights from Jeddah to Mumbai, from Medina to Salalah and Sarajevo, and from Dammam to Najaf. In addition, new routes and destinations launched during the nine-month period ended 30 September 2023G contributed to the increase in revenues in the same period.

The Company's revenues are mainly related to flights operated within the Company's key segments, which witnessed an increase of 79.9%, from SAR 2,673.4 million in the financial year ended 31 December 2021G to SAR 4,809.4 million in the financial year ended 31 December 2022G, as a result of a general increase in revenue generated from majority of the Company's segments. The aforementioned revenue increase was affected by the expansion operations of the Company's business following the decline of the COVID-19 pandemic and the lifting of travel and Hajj restrictions with respect thereto, in addition to the launch of new destinations and routes. The revenue increase is also attributable to the gradual resumption of Hajj operations following the pandemic. Revenues continued to increase by 32.3%, from SAR 4,809.4 million to SAR 6,362.2 million between the financial years ended 31 December 2022G and 2023G. This additional increase was generally attributed to the growth in air traffic and the Company's entry into new markets between the two aforementioned years, which contributed to a significant increase in the number of passengers by 28.4%. The Company's revenues also continued to increase by 20.3%, from SAR 4,899.2 million in the nine-month period ended 30 September 2023G to SAR 5,891.3 million in the nine-month period ended 30 September 2024G. In line with the period between the financial years ended 31 December 2022G and 2023G, this continued increase is attributed to an increase in travel in general resulting from the significant rise in the number of aircraft and the expansion of operations in addition to entering new markets, as well as an increase in Umrah flights and the number of Umrah pilgrims during the nine-month period ended 30 September 2024G (for further details regarding the Company's business segments, please refer to Section 6.7 "**Statement of Profit or Loss and Other Comprehensive Income**" of this Prospectus).

The Company has since expanded the scope of its services to include two additional business segments in 2018G, namely, Hajj and Umrah services (hereinafter referred to as "**flynas Hajj and Umrah**") and general aviation services (hereinafter referred to as "**flynas general aviation**"). Revenue generated from the flynas Hajj and Umrah business segment amounted to SAR 2.9 million, SAR 285.9 million, SAR 980.9 million, SAR 894.3 million and SAR 760.9 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 0.1%, 5.9%, 15.4%, 18.3% and 12.9% of the Company's total revenues, respectively. Revenues from flynas Hajj and Umrah increased by 9,631.7% from SAR 2.9 million in 2021G to SAR 285.9 million in the financial year ended 31 December 2022G, with an increase of 243.0% from SAR 285.9 million to SAR 980.9 million between the financial years ended 31 December 2022G and 2023G and a decrease of 14.9% from SAR 894.3 million in the nine-month period ended 30 September 2023G to SAR 760.9 million in the nine-month period ended 30 September 2024G. The Company's revenue from the flynas general aviation business segment amounted to SAR 165.3 million, SAR 168.9 million, SAR 182.5 million, SAR 113.4 million and SAR 144.7 million in the same periods, respectively, representing 6.2%, 3.5%, 2.9%, 2.3% and 2.5% of the Company's total revenues in the same periods, respectively. Revenues from flynas General Aviation saw a slight increase of 2.2% from SAR 165.3 million in 2021G to SAR 168.9 million in the financial year ended 31 December 2022G. In the financial year ended 31 December 2023G, General Aviation revenues recorded an additional increase of 8.1% from SAR 168.9 million in the financial year ended 31 December 2022G to SAR 182.5 million in the financial year ended 31 December 2023G. Revenues from flynas General Aviation Services increased by 27.6% from SAR 113.4 million in the nine-month period ended 30 September 2023G to SAR 144.7 million in the nine-month period ended 30 September 2024G (for further details regarding the Company's business segments, please refer to Section 4.4 "**The Company's Business Model**" of this Prospectus).

Accordingly, any temporary or extended suspension or disruption in the operations of the flynas LCC, the flynas Hajj and Umrah and the flynas general aviation business segments for any reason, such as natural disasters, pandemics, epidemics, and weather conditions, the suspension or cancellation of its air operator certificate by the General Authority of Civil Aviation, fluctuating demand for the Company's services due to their seasonal nature, the Company's inability to provide high quality services and user-friendly technological platforms and interfaces, including the inability to maintain the level of functions and features of Company's website or smartphone application, or a general decrease in customer activity or reduced demand for the Company's services for any reason, or the Company being distracted from any of its key business segments or a change in its priorities with respect to such segments, could lead to a decrease in its revenue generated from its services, including in particular the operation of the flynas LCC, the flynas Hajj and Umrah and/or the flynas general aviation business segments, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

B. Concentration of Revenue in Specific Geographic Locations and Key Markets

As of 30 September 2024G, the Company has an extensive route network originating from its four bases in the Kingdom, serving 16 domestic destinations, amounting to SAR 1,398.9 million, SAR 1,812.7 million, SAR 2,074.4 million, SAR 1,477.7 million and SAR 1,938.4 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G respectively, representing 57.4%, 42.6%, 39.9%, 38.0% and 38.9% of the Company's revenue for the same periods, respectively, and 56 international destinations throughout the MENA, Europe, Central Asia and the Indian subcontinent, amounting to SAR 1,040.0 million, SAR 2,443.2 million, SAR 3,211.0 million, SAR 2,389.3 million and SAR 3,018.3 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 42.6%, 57.4%, 60.9%, 61.4% and 60.5% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. It is also worth noting that revenue from Hajj and Umrah passengers travelling to and from Mecca and Medina (including via Jeddah) amounted to SAR 2.9 million, SAR 285.9 million, SAR 980.9 million, SAR 894.3 million and SAR 760.9 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 6.4%, 5.9%, 15.4%, 18.3% and 12.9% of the Company's revenue for the same periods, respectively.

Therefore, the Company is particularly vulnerable to any risks that it may face in the Kingdom, whether in relation to domestic flights or flights departing from or arriving in the Kingdom, compared to competitors with larger and more diversified international operations, given that the Company and its operations are inherently more exposed to any economic, commercial or geographical events, developments or conditions in the Kingdom and the region which may include, but are not limited to, natural disasters, epidemics, pandemics, weather conditions, labor market disruptions, government actions, regulatory changes and acts of terrorism (for further information, please see Section 2.2.6 "**Risks Related to the General Economic Conditions and the Economies of the Countries in which the Company Operates or May Conduct its Activities**" and Section 2.2.8 "**Risks Related to Political Instability, Impact of Geopolitical Conflict, Security Concerns and Terrorist Attacks in the Countries in which the Company Operates or May Conduct its Activities**" of this Prospectus). Accordingly, the occurrence of any such event that negatively affects or disrupts the Company's operations could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

C. Concentration of Revenues from Top Customers

The Company's revenues in the flynas LCC segment depend on major customers, as the revenues generated from the Company's top ten customers amounted to SAR 362.8 million, SAR 685.6 million, SAR 1,013.8 million, SAR 953.7 million and SAR 1,121.9 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 13.6%, 14.3%, 15.9%, 24.5% and 22.5% of the Company's revenues from the flynas LCC segment in the same periods, respectively. Note that the Company's top ten customers are all entities engaged in travel and tourism agency activities. If any of the Company's top customers or travel agencies decides to terminate any or all of its dealings with the Company or requests to renew its contract with the Company on terms that are unfavorable to the Company or to renegotiate a previously agreed price, or the Company fails to fulfill its contractual obligations, this may lead to a decrease in the Company's revenues and the volume of demand for tickets and the Company's services, which would adversely impact the Company's revenues (for further information, please refer to Section 4.4 "**The Company's Business Model**" of this Prospectus) and may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

D. Concentration of flynas Hajj and Umrah Business Segment Revenues in Specific Customers

The Company's revenues in the flynas Hajj and Umrah business segment are concentrated in revenues from specific customers, with the Company's revenues from the top two customers within the flynas Hajj and Umrah business segment amounting to SAR 113.0 million and SAR 354.0 million in the financial years ended 31 December 2022G and 2023G, respectively, representing 39.6% and 36.1% of the total revenues in the flynas Hajj and Umrah business segment in the same periods, respectively. The Company's revenue from its three largest clients amounted to SAR 257.6 million and SAR 136.7 million during the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 30.8% and 18.0% of the total revenue in the flynas Hajj and Umrah business segment within the same periods, respectively. The Company did not achieve any revenue from the Hajj and Umrah segment within the financial year ended 31 December 2021G due to the restrictions imposed as a result of the COVID-19 pandemic, which led to the suspension of international flights and the imposition of strict travel restrictions. This directly affected the organization of Hajj and Umrah trips and led to a complete halt to such activities during that year. Accordingly, if any of the top customers within the flynas Hajj and Umrah business segment decides to terminate any or all of its dealings with the Company or requests to renew its contract with the Company on terms that are unfavorable to the Company or to renegotiate a previously agreed price, or the Company fails to fulfill its contractual obligations, this may lead to a decrease in the Company's revenues and the volume of demand for the Company's services within the flynas Hajj and Umrah business segment, which would adversely impact the Company's revenues (for more information, please refer to Section 4.4 "**The Company's Business Model**" of this Prospectus) and may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.20 Risks Related to the Effectiveness of Applying its Low-Cost Carrier Model

Since its inception, the Company has adopted the low-cost carrier model which is generally characterized by offering lower fares for travel at the expense of fewer comforts, with the aim of achieving cost efficiency and high load factors. Furthermore, the airline industry in which the Company operates is characterized by low profit margins and high fixed costs, including costs of leasing and other aircraft acquisition charges, engineering and maintenance charges, financing commitments, staff costs and infrastructure costs, and significant operating expenses, such as airport charges, aircraft fuel cost, aviation insurance and applicable taxes, all of which generally do not vary according to passenger load factors but require sufficient demand for an airline's services to achieve profit margins, as is the case with the Company. For example, the Company's operating expenses amounted to 93.7%, 94.2%, 92.4%, 94.8% and 91.1% of the Company's total costs during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. Whereas its net profit margins amounted to 0.7%, 3.6%, 6.3%, 6.7% and 8.4% during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. In addition, the Company's cost-efficiency of the flynas LCC business segment is reflected in its cost per available seat kilometer (CASK), which amounted to 24.6 Saudi halalas, 26.0 Saudi halalas, 24.0 Saudi halalas, 25.0 Saudi halalas and 24.8 Saudi halalas during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

As a company operating a low-cost carrier model, the Company must continue to achieve, on a regular basis, high utilization of its aircraft, low levels of operating and other costs, careful management of passenger load factors and revenue yields, acceptable service levels and a high degree of safety, such that it continues to generate high revenue and grow profitably. However, as certain factors affecting these tasks are generally not under the Company's control, the Company may not be able to sufficiently satisfy the relevant requirements to fully cover its operating costs and return profits for its business, as well as financing its growth plans and achieving acceptable operating targets or net profit margins. In the event that the Company is not able to efficiently apply its low-cost carrier model, including by generating sufficient demand for its services, the Company may suffer greater damage to its operations, reputation and profitability, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.21 Risks Related to the Company's Reliance on Maintaining a High Daily Aircraft Utilization, Flight Delays or Cancellations and Aircraft Unavailability

The Company's business model as a low-cost carrier features high utilization of its aircraft to increase the level of revenue it generates from its assets, premised on the aim of achieving cost efficiency. High aircraft utilization rates are achieved by keeping the number of "block hours", that is, the hours from an aircraft's take-off to landing (including taxi time), as high as possible to enable the Company's aircraft to fly more hours on average each day. High block hours are achieved by reducing turnaround time at airports, including the amount of ground time for loading, unloading, cleaning, refueling and crew changes. As a result of the Company's high aircraft utilization, it is adversely affected by delays and flight cancellations caused by various factors, many of which may be beyond its control, including air traffic congestion, processing delays on the ground such as in ground services, adverse weather conditions, increased security measures at airports, industrial strikes by air traffic controllers or other employees outside the Kingdom, delays or non-performance by third-party service providers and unscheduled maintenance operations. The Company's average daily block hour utilization rate per aircraft was 9.9 BH, 12.0 BH, 11.9 BH, 11.9 BH and 12.0 BH during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The average daily block hour utilization rate for some of the competing low-cost carriers, namely EasyJet, WizzAir and RyanAir, was more than 10.0 BH, 12.4 BH and 9.4 BH for the financial year ended 31 December 2023G, according to the companies' annual disclosures. Meanwhile, flight delays, cancellations and rescheduling affected a total of 13.7%, 6.0%, 8.2% 8.5% and 5.5% of the Company's flights within the flynas LCC business segment during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

The Company's aircraft equipment may also be affected by the status of operations within the airports in which it operates, particularly if any of them are close to reaching capacity. As a result, any delay to the addition of capacity or upgrade of facilities at airports at which the Company operates could adversely affect its business. In addition, an increase in the number of airlines operating at the Company's four bases in the Kingdom, namely King Khalid International Airport in Riyadh, King Abdulaziz International Airport in Jeddah, King Fahd International Airport in Dammam and Prince Mohammad bin Abdulaziz Airport in Madinah, or other airports located in the Company's current and/or targeted markets may result in an increase in congestion and delays at those airports which could have a material adverse effect on the level of its aircraft utilization and on-time performance. Further, it should be noted that a delay or cancellation of one flight could affect the Company's other flight operations by resulting in delays or cancellations of subsequent flights. If the Company's flights become subject to regular or severe delays or cancellations, its reputation may suffer and its customers may choose to fly with other airlines in the future. These adverse effects may be further exacerbated to the extent the Company is required to make refunds and provide assistance to passengers for flight delays and cancellations. Accordingly, lower aircraft utilization rates due to these or other factors could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.22 Risks Related to the Company's Reliance on the Performance of A320 Aircraft and Aircraft Engines, including the Failure or Non-Performance of Airbus or CFM International

As of 30 September 2024G, the Company has a fleet of 61 Airbus aircrafts consisting of 53 A320neo aircrafts, 4 A320ceo aircrafts and 4 A330 aircrafts. Airbus aircrafts collectively represent all of the Company's total fleet as of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. This is with the exception of aircraft that are leased for the purpose of the flynas Hajj and Umrah segment or whose operations are managed by the Company within the flynas general aviation services segment. The Airbus fleet operated by the Company generally operates using the LEAP-1A engine from CFM International S.A. (hereinafter referred to as "**CFM International**") for its 52 A320neo aircrafts, the CFM56B engine from CFM International for its 4 A320ceo aircrafts and the 772B-60 engine for its 4 A330 aircrafts. (for further information, please see Section 13.4.5(a) "**Service Agreement with CFM International**" of this Prospectus). The Company has signed a purchase order in 2016G to purchase 195 new Airbus A320neo and A321neo aircrafts, and has received a total of 53 aircrafts as of the date of this Prospectus. The Company has since exercised its purchase option for 159 Airbus A320neo and 36 Airbus A321neo aircrafts. Therefore, as is the case with LCCs that rely on one model of aircraft and one type of engine, reliance on one type of aircraft such as the Airbus A320 and CFM engines makes the Company particularly vulnerable to any problems that may be associated with this type of aircraft or engines, compared to other competing companies that have larger and more diverse aircraft fleets that may be exposed to various risks related to their fleet without relying on one company to manufacture aircraft or engines. Specifically, if the Company's aircraft manufacturer, Airbus, or the engine manufacturer, CFM International, faces financial difficulties, ceases business operations, or fails to meet its obligations to the Company, or if design defects or mechanical issues are discovered, it could negatively impact the Company. This may necessitate finding an alternative supplier for its aircraft or engines to continue operations and achieve the targeted organic growth strategy, among other requirements. However, the Company may not be able to find another supplier and enter into new purchase agreements or sign new orders on favorable terms or at all.

It is also worth noting that 53 aircrafts operated by the Company are powered using LEAP-1A engines, which accounts for 100% of the Company's A320neo fleet as of 30 September 2024G. It is also worth noting that CFM International is the Company's exclusive service provider for on-site visits to perform all maintenance and repair services; repair or replace aircraft engines that are beyond economic repair; and bear transportation fees for repair visits. Therefore, the Company's operations could be harmed by the failure or inability of Airbus, CFM International or other chosen engine manufacturers to provide sufficient parts or related support services or maintenance operations for their planes or engines on a timely basis, or should the aircraft of choice be subject to grounding orders by relevant regulatory authorities due to defects, investigations and/or reoccurring accidents or all of the foregoing. Airbus Company is responsible for installing equipment and spare parts identified as being furnished by the Company. The supplier of such equipment must be from the valid list of suppliers approved for maintenance that Airbus maintains, and any deviations may require additional approval and a feasibility study to be conducted, which could contribute to a delay in delivery.

Further, any delay in the scheduled delivery of the Company's aircraft and/or spare parts and equipment could result in adverse consequences, such as its ability to maintain desirable slots and expand its route network, and flight frequencies could be jeopardized. If the Company is unable to put new aircraft into service in an expedient and coordinated manner, it may also incur additional costs and lose anticipated targeted customer demand and associated revenue. The Company may face difficulties during that period in sourcing spare parts, engines, or alternative maintenance services, evaluating the feasibility of leasing or purchasing aircraft or engines manufactured by other aircraft or engine manufacturing companies as a temporary or more permanent solution, and as a result, the Company may lose the advantages of a consolidated fleet, which may entail additional costs, and particularly affect the low-cost carrier model followed by the Company, including increased costs related to the transformation process, which includes the costs of retraining the Company's employees, specifically pilots.

Accordingly, any failure or default by Airbus, CFM International or any of the engine manufacturers may adversely affect the Company's operations and reputation, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.23 Risks Related to Wet-Leasing Aircrafts

As of 30 September 2024G, the Company retains one aircraft on standby, of the Company's fleet of 61 aircrafts, to provide capacity for any unscheduled events, in which the Company may mobilize its aircraft which are on standby for the purpose of providing the required capacity, including seasonal demand or emergency events. These aircrafts are leased by the Company through lease agreements, such as the agreement with Aviator Capital, which allows the leasing party to terminate the agreement for specified reasons, including any penalties or loss of the leased aircraft (for further information, please see Section 13.4.2 "**Aircraft Lease Agreement with Aviator ML 3802 Limited**" of this Prospectus). However, in the event that more than one aircraft from the main fleet become unavailable due to termination of the relevant agreement, unscheduled maintenance, repairs or other unknown reasons, the Company looks to "wet-lease", by hiring replacement aircraft and entering into leasing agreements whereby aircraft are provided to the Company together with full crews for operation, maintenance support and insurance for the entire lease period, to allow the Company to minimize any impact on its operations, with fuel costs, airport fees and occasional catering costs being borne by the Company as the lessee. However, the cost of wet-leasing may impact the cost efficiency and profit margins of the Company. It is also worth noting that the cost of wet-leasing – such aircraft are operated for the purpose of seasonal demand for Hajj and Umrah – amounted to zero, 3.3%, 6.9%, 8.9% and 2.5% of the Company's total costs during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. Therefore, in the event that the Company's aircraft become unavailable and/or the Company is required to wet-lease additional aircraft, this may negatively impact the Company's operating costs and profit margins, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.24 Risks Related to the Company's Inability to Implement its Growth Strategy Successfully, on Time, or at all, including in Relation to Expansion into New Markets and Ancillary Services

The Company has achieved rapid growth since launching its operations in the low-cost aviation business segment. The Company has significantly increased its revenue and the number of aircraft in its fleet as well as expanded its route network. In 2023G and the nine-month period ended 30 September 2024G, for example, the Company announced 46 new international routes and 6 new domestic routes, which have allowed the Company to enter into 15 new countries, including Iraq, Uzbekistan, Maldives, Montenegro, Kyrgyzstan, Kazakhstan, Ethiopia, Bahrain, Belgium, Armenia, Eritrea, Bangladesh, Morocco, and Algeria. The Company intends to continue to expand its fleet, add new destinations and increase the frequency of flights on its routes (for further information regarding the Company's strategy, please see Section 4.2.3 "**The Company's Strategy**" of this Prospectus). The successful implementation of its growth strategy is critical in order for its business to achieve economies of scale and for it to sustain or increase its profitability. The Company's strategy and its successful implementation thereof may not lead to an increase in the Company's revenue and profitability as a result of internal or external factors. For example, and with reference to the expansion of the Company's scope in 2023G referred to above, revenue growth rates witnessed a slowdown in the financial year ended 31 December 2023G by 32.3%, compared to 79.9% for the previous year, while revenues in the nine-month period ended 30 September 2024G witnessed growth of 20.3% compared to the nine-month period ended 30 September 2024G. Accordingly, it should be noted that the rate of revenue growth and expansion of the Company's operations in previous periods may not indicate the level of the Company's performance in the future, its revenues and profits may not continue to grow in line with their historical rates, and the Company may not be able to implement its expansion plans in a way that achieves growth in its revenues.

In general, when an airline begins service on a new route, its passenger load factors and revenue initially tends to be lower than those on its established routes. The number of passengers on existing international routes increased, amounting to 1.2 million passengers, 3.6 million passengers, 5.4 million passengers, 3.9 million passengers and 5.4 million passengers in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The number of passengers on existing domestic routes increased, amounting to 3.3

million passengers, 5.1 million passengers, 5.8 million passengers, 3.9 million passengers and 5.5 million passengers in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

Advertising and other promotional costs tend to be higher as a result of the Company's expansion plans, while a number of costs are incurred irrespective of load factors, including fuel and crew costs. As a result, the implementation of the Company's growth strategy of increasing the frequency of flights on existing routes, expanding the scope of its network to new routes and markets, and offering flights at promotional prices is expected to lead to lower revenue during the initial phases of the execution of such strategy in the short term. However, the Company may not be able to cover the related flight cost and investment associated with such strategy beyond the short term.

In addition, the Company may have difficulty in winning customer acceptance of its low-cost service on new routes. The Company also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. If the Company is not able to attract sufficient additional passenger numbers, such promotional fares may have the effect of reducing the Company's yield and passenger revenue on such routes during the periods that they are in effect. If the Company is unable to manage or implement its planned growth strategy fully by correctly assessing demand, capacity and fares, or if it is forced to terminate any unprofitable routes, this could significantly increase the Company's costs, which could have a material adverse effect on its business, financial position, results of operations and prospects.

Other risks related to, and challenges of, the implementation by the Company of its growth strategy include:

- the ability to gain access to new routes and airport slots and obtain or retain any regulatory approvals required in the relevant countries;
- the ability to lease or acquire aircraft appropriately;
- the ability to obtain financing for the acquisition of additional aircraft;
- the ability to compete with other domestic carriers;
- the ability to understand different requirements of customers in different markets;
- the need to hire a significant number of personnel with specific skill sets and qualifications, in particular sufficient pilots and crew with appropriate qualifications;
- political and economic conditions in the Company's existing and future markets, and other drivers of passenger traffic in those markets;
- the need to comply with the legal and regulatory regimes in new countries;
- maintaining and improving operational and cost efficiency within the Company's growing business, including minimizing airport costs and other charges over which the Company has limited or no control in existing and new locations; and
- maintaining the Company's brand and operational discipline across a diverse and growing network.

The Company's growth strategy, including its plans for expansion into new markets, may not be successful nor achieve the expected turnout, which may lead to the Company incurring development and marketing costs that are not corresponded by revenue growth to the expected level. Accordingly, the Company's inability to execute its business plan and growth strategy, or to properly manage the expansion could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

As a low-cost carrier, the Company's revenue structure from the flynas LCC business segment primarily consists of ticket fares which represented 84.4%, 84.0%, 85.6%, 85.8% and 84.0% of the total revenue from the flynas LCC business segment for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. Note that the nine-month period ended 30 September 2024G saw international airfares decline by 7.6% as compared to the nine-month period ended 30 September 2023G, following an increase in capacity, market routes and competitors. Carrier fees for international flights were also reduced as part of the revenue optimization program based on current market conditions to address competition. Fares for existing domestic routes decreased in the nine-month period ended 30 September 2024G, with a slight decrease of 6.7% as compared to the nine-month period ended 30 September 2023G, due to the level of competition in the sector. Meanwhile, revenue from ancillary services such as excess baggage, inflight meals, seat selection charges, onboard sales and holiday packages represented 15.6%, 16.0%, 14.4%, 14.2% and 14.0% of the total revenue from the flynas LCC business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. As part of its growth strategy, the Company seeks to expand its ancillary services by introducing high-speed internet services on its aircraft, priority boarding and check-in, enhancing its holiday package offering in order to enhance revenues and passenger experience. However, the Company may not successfully satisfy the passenger demand for such services and targeted revenue and profits. In the event that the new ancillary services do not generate the requisite demand from passengers and/or the anticipated revenue and profits, this could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.25 Risks Related to Reliance on Third-Party Service Providers and Commercial Partners

As of the date of this Prospectus, the Company has entered into agreements with third-parties to provide certain services required for its operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. The efficiency, timeliness and quality of contracted services provided by third-party service providers are often beyond the Company's control. Therefore, such third-party service providers may not provide the required services consistently and at the required time and quality. Furthermore, any failure, underperformance or interruption of operations by the third-party service providers to consistently provide services or to perform to the Company's expectations may have a material adverse effect on its business operations, reputation with customers, brand and operations. In addition, the Company could experience a significant business disruption if it changed vendors or if an existing service provider ceased to be able to provide services to it.

For example, the Company has entered into agreements with Saudi Ground Services Company ("**SGS**") for the provision of ground handling services (for further details regarding the Company's ground handling services agreement, please refer to Section 13.4.10(a) "**Ground Handling Services Agreement with Saudi Ground Services Company (First)**" of this Prospectus). SGS is the only ground handling services provider to cover all airports in the Kingdom, as other service providers, such as Swissport Saudi Arabia, only cover operations in certain select airports, such as KKIA, KAIA and KFIA. Furthermore, the Company relies on Catrion as its sole supplier of catering services. Therefore, any deterioration in the relationship between the Company and its third-party service providers, including SGS and Catrion Catering Holding Company, will have a negative impact on some or all of the services provided by the relevant providers, which may have a material adverse effect on the Company's operations, and in particular its ability to continue to receive ground services and/or catering services, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is worth noting that the Company relies entirely on procedures for selling and re-leasing aircraft under the dry leasing model for the purpose of operating such aircraft within its fleet in general, without acquiring them or transferring ownership thereof to it. The procedures for selling and re-leasing aircraft include entering into leasing agreements with third parties through which the Company bears the costs of using the aircraft for periods that are usually less than the expected operational duration of the aircraft. Under such arrangements, the aircraft is owned by the leasing company, which collects fees from the Company as a lessee. The sale and leaseback procedures generally involve a number of steps, including the conclusion of an aircraft purchase agreement with the manufacturer and the payment of part of the purchase amount, before the full payment of the purchase amount by the lessor (and the Company's recovery of the partial payment amount provided by it) and the transfer of ownership of the aircraft to it, and from that date the Company makes monthly payments in addition to maintenance costs according to the agreement entered with the lessor. As of 30 September 2024G, the Company deals with 8 aircraft leasing companies on a dry leasing basis for the purpose of providing 61 aircrafts, representing the entire Company's fleet as of the date hereof, with the exception of aircraft leased for short periods. However, the Company has not adopted a policy or practice to monitor the credit ratings of aircraft leasing companies which own the aircraft that the Company leases for the purpose of operating them within its fleet, in line with the practice followed by airline companies in general, which select aviation leasing companies based on various factors such as terms and credit conditions, airline leasing companies' ability to finance and other factors. Accordingly, any events that negatively affect the credit rating of aircraft leasing companies, their financial or operational capabilities or their loss of ownership of any of their aircraft, may affect their ability to provide the Company with leased aircraft, provide Company services, and operate its business segments and operations, which may have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.26 Risks Related to Reliance on Major Suppliers

The Company relies on a number of key suppliers to provide it with goods and services, which include leased aircraft, aviation fuel, airport and passenger services, ground handling services and aircraft engines. The Company's purchases from the top five suppliers amounted to SAR 908.6 million, SAR 1,403.6 million, SAR 1,709.2 million, SAR 1,281.1 million and SAR 1,465.5 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 34.2%, 30.9%, 28.8%, 28.1% and 27.2% of the Company's total expenditures (which include the value of all goods and services purchased during the relevant financial period for resale or consumption in the Company's operations) in the same periods, respectively. The Company entered long-term contractual agreements with the five largest suppliers, with the exception of suppliers that are regulatory authorities or airports. The Company may be unable to maintain long-term relationships with its top suppliers or maintain these relationships on favorable terms. Some of the supply agreements allow the relevant supplier the right to terminate the agreement at its absolute discretion. In addition, if the Company is unable to comply with the provisions and requirements of the relevant agreements, this may result in disputes with the relevant suppliers or lead them to exercise their right to terminate their agreements. If the Company is unable to maintain or renew its relationships with key suppliers on favorable terms, or if key suppliers terminate the supply agreements entered into with the Company or amend the terms in a manner unfavorable to the Company, the Company will be unable to use the goods and services provided by these suppliers or will obtain them at a higher cost, in smaller quantities, or on unfavorable terms, which will impact the Company's reputation and the cost of revenues. This may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.27 Risks Related to the Company's Reliance on Information Technology Systems, Online Ticket Sales and Third-Party Distribution Channels for Portion of its Airline Tickets

Online ticket sales for flynas LCC through the Company's website and smartphone application, whether by travel agents or individual passengers amounted to SAR 1,653.4 million, SAR 2,718.6 million, SAR 3,076.3 million, SAR 2,811.0 million and SAR 3,369.2 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, which represented approximately 66.0%, 62.8%, 56.7%, 57.6% and 53.6% of the Company's total passenger ticket revenue for the same periods, respectively, compared to SAR 851.7 million, SAR 1,603.5 million, SAR 2,349.3 million, SAR 2,073.3 million and SAR 2,915.6 million, which represented 34.0%, 37.2%, 43.3%, 42.4% and 46.6% for bookings made via a third-party distribution channel, such as travel agents, in the same periods, respectively.

The Company's ability to manage ticket sales, receive and process reservations, check-in passengers, manage its traffic network, perform flight operations and engage in other critical business tasks is dependent on the efficient and uninterrupted operation of its website and computer and communication systems, and on the third-party service providers and key employees tasked with maintenance of these systems and on the systems used by third parties in the course of their co-operation with the Company (for further information regarding the Company's reliance on IT systems, please refer to Section 4.7.8 "**Information Technology (IT) Systems**" of this Prospectus). It is worth noting that the Company has faced a number of disruptions during the past period, including 5 and zero website outages during the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G, respectively, as a result of the severe pressure on the network during promotional periods, which have resulted in interruption of its services and/or unavailability of its technological systems, and have negatively impacted booking and check-in volumes.

Any additional or future disruption to the Company's website or any computer and communication systems or a failure of the back-up systems used by the Company or third parties, particularly if the disruptions persist, could significantly impair the Company's ability to continue to sell tickets to passengers and retain its customers, and generally conduct its business efficiently, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.28 Risks Related to Online Payment and Payment Processing by Third-Party Providers

The Company allows its customers to make payments using various methods provided by third-party payment service providers via its website and smartphone application, including electronic payment via credit cards, ATM cards or Apple Pay, in addition to payment in installments via deferred payment platforms, such as Tabby and Tamara (for further information, please refer to Section 13.4.14 "**Payment Gateway Services Agreements**" of this Prospectus). The process for payment by electronic methods requires payment of certain commissions and/or fees by the Company, in a contractually agreed amount based on the value of each transaction to a third-party provider. Arrangements with third-party payment providers are generally subject to framework agreements for terms ranging between one year and an indefinite term, and are generally subject to termination without cause. The Company may not be able to renew any such agreements following their expiration on favorable terms or at all, and the fees payable under such arrangements may be subject to increase in the future. As a result, the failure to renew expired agreements on appropriate terms or the termination of agreements for any reason would affect the Company's operations, operating expenses and profit margins, as the Company may have difficulties in finding an alternative payment service provider on similar terms and within an acceptable time frame. In the event that the Company is not able to process electronic payments due to failure to renew agreements with payment service providers, or termination of agreements with such service providers for any reason, this will negatively impact customers' ability to purchase tickets and services through the Company's website and smartphone application. Furthermore, it will have an adverse effect on user experience, customer demand and the Company's revenue.

In addition, the Company's reliance on third-party service providers for processing electronic payments generally involves third-party licensed encryption processes and authentication technologies, which ensure that customers' personal data is securely transferred through integrated systems. Therefore, if a payment service provider is unable to provide such services reliably and securely, customer data may be compromised or be subject to theft or leakage due to third-party providers' failure to uphold the required security protocols and/or respond to cyberattacks. Furthermore, effective payment processing by third-party payment providers is also necessary to ensure customers are provided with a user-friendly process that is seamless and free of issues. Technical issues in payment processing may result in payment failures and non-completion of transactions which will result in difficulties in customers' ability to complete transactions. This will negatively impact customer conversion, customer demand and the Company's revenue, and may result in losing credibility and customers' trust, which affects the appetite of both current and future customers for the Company's services. Third-party payment service providers' failure to provide their services reliably and securely, or the occurrence of disruptions and/or unavailability issues with respect to online payments and processing, will negatively impact customers' ability to purchase tickets or additional services through the Company's website and smartphone application, their user experience and perception of the Company, demand by customers and revenue of the Company, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.29 Risks Related to Air Traffic Congestion, Air Traffic Control Services and Ground Services

Further growth of air traffic in the Middle East, and the Kingdom in particular, is expected to increase the pressure on the air traffic control system which may result in service suspensions or disruptions. Air traffic control systems are also subject to disruptions resulting from technical or other operational failures. The Company currently deals with a significant number of different air traffic control authorities, which typically include at a minimum one regulatory body per country in which the Company operates and in certain cases a body per region, which may apply strict protocols to aircraft routes, such as following official country borders and reserving large areas of airspace for military or official use, which may lead to increased congestion. In addition, air traffic control services are generally managed and operated by a governmental or quasi-governmental body, such as Saudi Air Navigation Services Company in the Kingdom which is overseen by GACA. Given the importance of the Company's high levels of aircraft utilization to the implementation of its low-cost business model, service disruptions may affect the Company more than other airlines which operate different models or larger fleets, and any such disruptions could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.30 Risks Related to Aircraft Accidents and Similar Disasters, Design Defects and Operational Malfunctions

Accidents in the aviation industry, in which the Company operates, are generally characterized by considerable losses. As accidents in the aviation industry may be caused by several factors, including design defects, operational malfunctions, inadequate maintenance, and other natural and meteorological conditions. Should such conditions affect the Company's aircraft, or any aircraft that the Company may acquire or lease at a later stage, in a way that leads to an accident or an aircraft being grounded, the Company may assume losses in terms of damage, in addition to lost revenue resulting from the grounding or temporary suspension of an aircraft. The Company may become involved in accidents in the future, which may result in direct quantifiable losses, such as passenger claims and repair and replacement costs, as well as indirect unquantifiable losses associated with the public's perception that the Company's fleet is unsafe and unreliable, which may in turn affect demand for its services.

Further, the Company's existing insurance policies may not provide adequate coverage for damages resulting from aircraft accidents. Accordingly, the occurrence of any aircraft accidents and similar disasters, design defects and operational malfunctions could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.31 Risks Related to Hazardous Chemicals, Working Environment, Health and Safety

The Company uses a number of chemicals and other hazardous materials in connection with the maintenance of its fleet and equipment, cleaning aircraft, removing rust and cleaning aircraft engines. The use of such materials requires proper storage, use and disposal, in addition to requirements relating to the working environment in which they are stored and used, and other health and safety measures, as handling of these chemicals and other materials may entail a risk of industrial accidents and serious damage to both individuals and property. Complying with applicable rules in this regard and training its employees to comply with such rules and guidelines is important to the Company. On an on-going basis, the Company bears the costs of handling these materials safely and training its employees in such regard. However, the Company is still subject to accidents of this nature in the future. Additional requirements for measures and/or storage could impose further costs on the Company, which, along with any additional incidents, may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.32 Risks Related to Data Protection and Cyber-Attacks

Given the nature of the Company's business, it relies on IT systems, services and platforms to operate its business segments and generate revenue. In addition, the Company collects and processes personal and other data of its customers. The Company uses such data to operate its services, verify user identity, expand and improve its business and provide and recommend services through its marketing and advertising channels (for further information regarding the Company's reliance on IT systems, please refer to Section 4.7.8 "**Information Technology (IT) Systems**" of this Prospectus). Therefore, the Company, like other companies operating in the aviation industry, is vulnerable to cyber-attacks that target its systems and data, their security and availability, through computer viruses, hacking attacks and data theft. Such attacks may result in outages, delays or shutdowns of the Company's systems, website, smartphone application and services, which may lead to loss of critical data, unauthorized disclosure, leakage or unauthorized use of users' personal or other data. Furthermore, the Company may incur high costs and expenses in order to implement adequate preventive measures to protect its systems, website and smartphone application from such cyber-attacks. Moreover, if the Company is exposed to cyberattacks that result in the disclosure of personal data of users of the Company's website, smartphone application and services, customers may lose their trust in the Company and may reduce or stop their use of the Company's website, smartphone application or services. In addition, such cyberattacks may impact the Company's ability to attract new customers. The Company may not be able to implement adequate preventive measures or manage attacks on its systems and data in a timely manner, due to constant changes in the relevant cyberattack defense technologies, which are often difficult to detect until they are launched against a specific target. It is worth noting that the Company's operations were affected by the technical failure experienced by several airlines around the world as a result of a technical system failure in July 2024G, which resulted in delaying the departure of some flights in addition to slow services on the website and mobile application. If the Company is subject to similar failures or cyberattacks and users' data is leaked or their flights or travel procedures are delayed, this may harm the Company's reputation and users' trust in it, and lead to the Company being subject to complaints, lawsuits or regulatory penalties and fines. This may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Additionally, the Company retains personal data received from customers and has put in place security measures to secure such data against unauthorized access. Personal data held by the Company both offline and online is highly sensitive. If third parties access such data without the customer's prior consent or if such third parties misappropriate that data, customers may file lawsuits against the Company which, if successful, may have a material adverse effect on the Company's business, financial position, results of operations and prospects, or may otherwise harm the reputation of the Company and its brand.

Any compromise of internet security could deter customers from using the internet or from using it to conduct their transactions that involve confidential and private data. The Company may also incur significant costs to protect against the threat of security breaches, particularly if the perceived risks of terrorist activity or third-party misuse of data lead to increased government cybersecurity measures and additional restrictions on remote ticket purchases. Costs may also be incurred in alleviating problems caused by security breaches. However, technical problems may occur with the Company's internally developed smartphone applications which may cause users to stop using the applications. In addition, resolving these problems may cause interruptions, delays or cancellations in service to the Company's customers, potentially causing them to stop using the services or to make claims against the Company. This may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.33 Risks Related to the Development of Superior Aircraft Technology or the Introduction of a New Line of Aircraft

The aviation industry has witnessed rapid technological developments in the last two decades, which have included the introduction of traffic collision avoidance systems, advanced turbine engines, high-speed in-flight wireless internet and airport automated check-in systems. The Company must continue to assess its need to invest in new aircraft technology in order to keep up with these rapid advancements, including new equipment and aircraft features, such as airport automated check-in systems or high-speed in-flight wireless internet to maintain its competitive advantages and position. In parallel, the Company must consider the significant cost associated with investment in new equipment, aircraft features and modern technologies, especially in relation to its low-cost carrier model, and the need for such new equipment in providing its services to passengers. If the Company is unable to upgrade its equipment and aircraft, it may lose passengers to competitors who may otherwise invest in new equipment and aircraft features that are more advanced than those operated by the Company.

Moreover, advances in technology may lead to the development of more cost-effective and fuel-efficient aircraft that can allow carriers to operate aircraft with lower fuel costs and/or serve more passengers. Such advancements and technologies may lead to the adoption of more competitive pricing on the part of competitors, and greater profit margins. On the other hand, if the Company invests in new aircraft and equipment beyond its needs, it will incur additional costs related to the obsolescence and maintenance of these assets and/or its current assets – particularly if it is unable to sell and dispose of such assets at suitable prices and on favorable terms.

It is worth noting that the Company's investments in technology upgrades may not enable the Company to maintain and advance its competitive advantages. Therefore, the occurrence of any of the above risks, including any unsuccessful investments, may negatively impact demand for the Company's services and add additional pressure on its profit margins, which may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.34 Risks Related to the Company's Customer Service and Quality of Services Offered

In its efforts to retain its customers and attract new ones, the Company depends on the provision of high quality customer support services pre- and post-service delivery, as and when required. Passengers served by the Company and users of the Company's website or smartphone application may encounter technical problems such as slow service, cancellation or errors in the sought service or in the amount paid. The occurrence of such problems leads such customers to turn to the Company for support services. The Company's ability to provide effective solutions and support services depends on the availability of specialized customer-facing staff and experienced technicians capable of providing the required support services. The Company's costs and expenditures associated with customer service amounted to SAR 6.3 million, SAR 7.1 million, SAR 9.5 million, SAR 6.8 million and SAR 8.9 million during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. Nonetheless, the Company's staff and resources dedicated to providing support services may not be sufficient or available, or the Company may not be able to contract with additional third parties to undertake services pre- and post-service delivery and support operations efficiently and at an appropriate cost. If the Company is unable to respond to customers' issues when using the Company's website, smartphone application, or the services provided, if it is unable to provide them with appropriate solutions in this regard, or if it is unable to retain its key employees who provide support services or third-party service providers who perform such tasks at an appropriate cost, the Company may lose its credibility and customers' trust, which affects the appetite of current and future customers for the Company's services. This could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.35 Risks Related to Revenue Seasonality

The revenue of the Company is subject to seasonal variations in demand for passenger services. In general, demand is highest during official holidays, school vacations, the summer months and the month of Ramadan. In particular, peak seasons, such as Hajj months, Ramadan, Eid holidays, the summer vacation season and school holidays, give rise to a significant increase in the volume of air travel in the Kingdom with an impact on the level of demand for the Company's services. The nature of the Company's seasonal business is dependent on vacations, festive periods, seasonal activities and school holidays, leading to significant fluctuations in the Company's revenues as seasons achieve high revenues while other times of the year lead to a decrease thereof. The Company achieved 36.3%, 40.0% and 44.5% of its revenues during the first halves of the financial years ended 31 December 2021G, 2022G and 2023G, respectively, as compared to 63.7%, 60.0% and 55.5% of its revenues during the second halves of the financial years ended 31 December 2021G, 2022G and 2023G, respectively, which usually witness an increase in the volume of demand for travel tickets as a result of the summer school holidays.

However, the Company may not be able to anticipate the extent of future seasonal changes in footfall and the volume of demand for its services. Such seasonal variations may make the Company's business planning and its ability to predict its future income streams more difficult. Consequently, the Company may not be able to budget effectively with respect to its operating costs. Additionally, the Company may not have sufficient resources to fully capitalize on seasons with higher footfall and demand for services, which may have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.36 Risks Related to the Inability to Retain Customers and Attract New Ones

The growth of the Company's business and revenue depends on it retaining its existing customers on an ongoing basis and attracting new ones at appropriate costs. As of the date of this Prospectus, the Company's customer base generally includes individual and corporate customers, in addition to government entities. The Company has served 4.5 million, 8.7 million, 11.2 million, 7.9 million passengers and 10.9 million passengers across its main business segments during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively (for further details, please refer to Section 4.8 "**Customers, Marketing and Promotion**" of this Prospectus). There are various factors that affect the Company's ability to retain and attract customers, including, but not limited to, ticket prices, flight schedules, offered destinations and connectivity among destinations, the quality of its website, smartphone application and services, the efficiency and ease of use of the Company's website, smartphone application and services, and relevant user interface to facilitate and enable customers to complete their purchases, in addition to the variety of services offered on its website and smartphone application that meet customers' expectations, the model, make and range of its aircraft, as well as the Company's ability to maintain and serve current and potential customers as required, the brand and reputation of the Company and its ability to compete effectively with other companies operating in the market. If the Company is unable to manage such factors and challenges effectively and efficiently, it may not be able to retain its current customers or attract new customers across its various business segments. Furthermore, customers facing difficulties when using the Company's website, smartphone application and services may result in their non-completion of ticket or additional service purchases, leading to an inability to convert user visits to demand and/or general decrease in demand for the Company's website, smartphone application and services, which in turn would affect the Company's revenue.

As such, the success of the Company's business, retaining its existing customers and attracting new customers depends on its ability to continue to offer quality services efficiently and consistently, particularly in the flynas LCC business segment, along with effectively anticipating and responding to changes in customer needs and choices. In the event that the Company is unable to cater and respond to customers' needs and/or market trends, this will affect its ability to retain and attract customers. The inability of the Company to retain or attract customers could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Furthermore, the Company may need to incur significant costs and expenses to support its customer retention and attraction efforts, and may incur expenditures at the cost of its profit margins in order to attract customers away from competitors, especially when entering into new geographical markets. This could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.37 Risks Related to Commercial Relations with Other Airlines

The Company's customers can generally use the Company's website and app to purchase airline tickets on aircraft operated by the Company. They can also potentially book flights for other airlines under codeshare agreements, which allow the Company to cooperate with other airlines on flights operated by one airline with tickets sold by both, and interline agreements, which allow the Company to cooperate with other airlines to facilitate the transportation of passengers and baggage on flight routes that include multiple airlines. The Company's distribution network generally offers additional destinations outside the Company's network across Europe, Africa, and Asia. It is worth noting that there is a risk that unsatisfactory passenger experiences will be misattributed to the Company's services due to an incorrect impression that the service experiences provided by other airlines are provided by the Company, and vice versa, as passenger experiences with the Company may be affected by the reputation of other companies in connection with flight services, ticket purchase services, and beyond. Therefore, if a passenger is dissatisfied with one of those companies, it may lead to a mistaken negative perception of the Company, which may cause such a passenger to avoid using the Company's services. On the other hand, if a passenger has a positive experience through the Company's services, such an experience may be misattributed to another airline. Accordingly, this may affect the Company's ability to build and gain customer loyalty to its brand and adequately retain customers, which may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

Commercial relations with various airlines are governed by codeshare agreements and interline agreements for cooperation purposes. However, the provisions of a number of cooperation agreements entered into with other airlines stipulate that the contracting parties have the right to terminate those agreements without the need to give a reason, This includes the agreements entered into with Etihad Airways, Saudia, Turkish Airlines, Pakistan International Airlines, Emirates, Uzbekistan Airways, Ethiopian Airlines and EgyptAir. Note that a number of those agreements allow the other airlines to terminate the relevant agreement for legitimate reasons and/or as a result of the other party's breach, in addition to providing the possibility to terminate without the need to give a reason, as mentioned above (for further information, please refer to Section 13.4.12 "**Codeshare Agreements**" and Section 13.4.13 "**Interline Agreements**" of this Prospectus). Therefore, in the event that any of those agreements is terminated for a legitimate reason or without a legitimate reason, the scope of the Company's network served by other airlines may be affected. The occurrence of any of the above events may have a material adverse impact on the Company's business, financial position, results of operations and prospects.

2.1.38 Risks Related to Consumer Behavior and Perceptions

Passenger demand and ability to spend on air travel and related services vary on an ongoing basis, and passenger acceptance of offerings of a commercial airline, including low-cost carriers, is affected by a number of factors, notably in connection with services offered to individual customers. Such factors include global, regional and local economic conditions, disposable income, ticket pricing, route convenience, in-flight amenities, safety records, and brand reputation, among other factors. In an adverse economic environment with a decrease in disposable income, passengers generally, and in particular the Company's customers, may reduce the frequency of their travel, opt for lower-cost carriers, or choose more economical travel classes or means, which would affect airlines' revenue and the ancillary fees they collect from their services.

Furthermore, failure to adapt to changes in consumer behavior and spending habits may affect the Company's ability to create attractive offerings for its customers. For example, if the Company does not keep pace with technological advancements that enhance the customer experience, or if it fails to respond to competitive pricing strategies in the market, this will negatively affect its market share. Additionally, consumer preferences are shifting to more sustainable travel alternatives, including for example travel by train or shuttle bus services, as well as any changes in internal travel policies of large multinational corporations, which could negatively impact demand for the Company's services. Such inability to anticipate and respond to developments in consumer preferences could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.39 Risks Related to the Company's Reputation, Brand and Marketing Activities

As part of its overall business model, the Company relies on positive brand recognition, as well as a number of other factors, to attract customers. The Company seeks to maintain, extend and expand its brand through marketing initiatives, such as press announcements and conferences, events, social media, online advertising and search engine optimization to increase the visibility of the Company's website in a greater number of search engine results. Accordingly, the Company incurs significant costs to implement its marketing activities (for further information regarding the Company's marketing strategy, please refer to Section 4.8.2 "**Marketing Strategy**" of this Prospectus). The Company's marketing and advertising expenses represented 0.5%, 1.0%, 1.1%, 1.1% and 1.1% of its total expenditure in the financial years ended 31 December 2021G, 2022G and 2023G and nine-month periods ended 30 September 2023G and 2024G, respectively. However, the Company's current and future marketing activities may not be successful or cost-effective. Moreover, the Company's reputation and brands may be affected by customer complaints and negative publicity or coverage about the Company's website, smartphone application or services, including on social media platforms, even if such negative publicity is based on misinformation or ordinary incidents. Additionally, the Company's current and future competitors may be larger and have greater financial, marketing and other resources, devote greater resources to the marketing and sale of their services, gain international brand recognition or adopt more aggressive pricing strategies than the Company is able to.

In addition, the Company's ability to retain demand for its services, in particular as a low cost carrier, may depend in part on its ability to maintain a good reputation, both inside and outside the Kingdom. Any incidents caused by the Company's negligence or any reduction in the quality of services provided by the Company may cause significant damage to its reputation. Any negative perception of the Company will affect its reputation and brands, including any negative perception resulting from, among other things:

- Complaints or negative publicity about any of the Company's services, partners, website, smartphone application or the policies and procedures of the Company.
- Scams, fraudulent acts and cyberattacks.
- Legal errors, negligence or other inappropriate behavior of any of the Company's employees, management, partners or other parties with whom the Company deals.
- Inability to offer customers competitive prices or various payment options.

- Any disruptions to its website, smartphone application or services, leakage of confidential information and data, cyber incidents and other incidents affecting customers' trust in the Company's services, whether actual or perceived.
- Any lawsuits or regulatory investigations by the competent regulatory authorities that affect the Company's business.
- Inability to comply with any legal, regulatory or tax requirements issued by the competent authorities in the Kingdom.
- Inappropriate or unsatisfactory customer experiences in relation to pre- and after-sales support and service.
- Inability to provide adequate legal protection for the Company's brands or other intellectual property rights.
- Any perception of mistreatment of employees, partners or customers, and the way the Company responds to such.

Any of these events, including reputational damage or a compromised safety record, may negatively impact the public's perception of the Company and could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.40 Risks Related to Future Acquisitions and Investments

As part of its growth strategy, the Company may assess new growth opportunities through acquisitions or investments in other companies, assets or technologies that are complementary to and fit within the Company's strategic goals. Acquisitions or investments may entail various risks, including:

- Facing intense competition for acquisition targets, which may raise prices and affect the Company's ability to complete acquisitions on appropriate terms.
- Inability to obtain approvals of the regulatory authorities on acquisitions or mergers, in time or at all.
- Inability to complete the acquisition processes, in time or at all.
- Inability to accurately assess the value, benefits, problems, obligations, challenges and risks of the acquisitions or investments, in addition to problems relating to impairment of goodwill.
- Incurring unanticipated costs or assuming unexpected liabilities and losses.
- Inability to effectively integrate acquired businesses, assets, intellectual property, technology, operations, contracts or employees with its current business, in time or at all.
- Inability to retain key employees.
- Being subject to disputes or legal claims in connection with the acquisition or investment, and legal contingencies (such as contractual, financial, regulatory, environmental or other obligations and liabilities).
- Inability to maintain the procedures, controls and quality standards in connection with any business or asset it acquires.
- Inability to achieve the expected integration, or recover the purchase costs of the acquired businesses or assets.
- Theft, dissemination or leakage of business information that is shared within the process preceding the acquisition or investment.
- Negative market reaction to the acquisition or investment.

Such difficulties may impact the Company's ongoing business, distract its management and employees and increase its expenses which could, in turn, have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.41 Risks Related to Financing and Credit Facilities

A. Current Financing and Facilities

As of the date of this Prospectus, the Company has entered into 9 agreements for financing and other credit facilities. The details of the value of the facilities, the guarantees, and the material restrictions are as follows:

- **Murabaha Agreement with Banque Saudi Fransi dated 15/07/1443H (corresponding to 16/02/2022G)**
  - **Total value of facilities**: SAR 2,250,000,000.
  - **Guarantees**: (1) Pledge of the receivables of the material contracts entered between the Company and Banque Saudi Fransi dated 15/07/1443H (corresponding to 16/02/2022G) in favor of Banque Saudi Fransi, and (2) execution of an account pledge agreement.
  - **Material restrictions**: The Company may not declare or pay any dividends, participation premium reserve, fees or any other distribution in relation to its share capital or repay any of its share capital without the prior approval of Banque Saudi Fransi. If there is a change in control of more than half of the share capital as a result of the Company's public Offering, the Company shall notify Banque Saudi Fransi, and in such case:
    - Banque Saudi Fransi shall not be obliged to finance the purchase price in connection with any Murabaha contract.
    - Banque Saudi Fransi shall cancel its obligation and declare all amounts due under the Master Murabaha Agreement due and payable.

For the purposes of the above, "change in control" means that the combined beneficial ownership (whether direct or indirect) of Prince Alwaleed bin Talal bin Abdulaziz Al Saud and Prince Khalid bin Sultan bin Abdulaziz Al Saud falls below 51% of the Company's capital and voting rights. None of the following shall be regarded as a change in control: (1) an initial public offering, provided that Prince Alwaleed bin Talal bin Abdulaziz Al Saud and Prince Khalid bin Sultan bin Abdulaziz Al Saud together retain (whether directly or indirectly) beneficial ownership of no less than 30% of the Company's capital and voting rights at all times after the IPO, and no persons acting in agreement acquires ownership equal to or greater than 51% of the Company's capital and voting rights; and/or (2) the acquisition of shares in the Company by the Government of the Kingdom of Saudi Arabia, provided that no misrepresentation occurs at any time after such acquisition in accordance with the agreement and no event of default occurs under the agreement.

- **Facilities Agreement with Banque Saudi Fransi dated 30/11/1443H (corresponding to 29/06/2022G), as amended on 13/08/1444H (corresponding to 05/03/2023G), 13/02/1445H (corresponding to 29/08/2023G) and 16/03/1445H (corresponding to 01/10/2023G).**
  - **Total value of facilities:** SAR 716,625,000.
  - **Guarantees:** A promissory note in the amount of SAR 716,625,000.
  - **Material restrictions:** No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of Banque Saudi Fransi.
- **Loan Contract with the Saudi Industrial Development Fund dated 02/04/1444H (corresponding to 27/10/2022G)**
  - **Total value of facilities:** SAR 164,500,000.
  - **Guarantees:** A promissory note for the purpose of the Company paying the total loan amount of SAR 164,500,000, according to the form referred to in Annex A to the contract.
  - **Material restrictions:** No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of the Saudi Industrial Development Fund. The Company undertakes not to distribute any dividends without obtaining prior written approval from the Saudi Industrial Development Fund until the full financing amount is repaid. The Company also undertakes, when offering any of its shares for subscription, that the offering proceeds will be used to repay the loan and associated due amounts.
- **Facilities Agreement with Saudi Awwal Bank, dated 17/12/1444H (corresponding to 05/07/2023G), as amended on 04/05/1446H (corresponding to 06/11/2024G)**
  - **Total value of facilities:** SAR 95,625,000, including (1) a standby letter of credit facility in the amount of SAR 93,750,000, (2) a letter of guarantee facility in the amount of SAR 93,750,000, (3) a letter of guarantee facility in the amount of SAR 93,750,000, and (4) a hedging facility in the amount of SAR 1,875,000.

- **Guarantees:** (1) a promissory note in the amount of SAR 95,625,000, provided by the Company in favor of Saudi Awwal Bank, (2) a general terms and conditions agreement entered between the Company and Saudi Awwal Bank under this agreement, (3) a resolution of the Partners or the Board of Directors to accept the facilities and authorize individuals to sign the guarantee documents on behalf of the Company, and (4) an authorization letter specifying the names of individuals authorized to execute treasury product transaction contracts with Saudi Awwal Bank and the respective limits of their powers in connection therewith.
- **Material restrictions:** No change in the legal description or ownership structure of the Company may be made without obtaining the prior written consent of Saudi Awwal Bank.

- **Facility Agreement with Bank AlJazira dated 29/12/1444H (corresponding to 17/07/2023G), as amended on 01/02/1446H (corresponding to 05/08/2024G)**
  - **Total value of facilities:** (1) SAR 223,000,000, including foreign exchange facilities (major currencies) (SPOT) and/or for dealing with various treasury products at Bank AlJazira in the amount of SAR 23,000,000 and (2) standby documentary credit facilities in the amount of SAR 200,000,000.
  - **Guarantees:** (1) a promissory note in the amount of SAR 245,300,000, (2) a general terms and conditions agreement between the Company and Bank AlJazira entered into pursuant to this agreement, (3) a master hedging agreement of the International Swaps and Derivatives Association/International Islamic Financial Market, and (4) a letter of undertaking and indemnity.
  - **Material restrictions:** No change may be made to the legal form or ownership structure of the Company without obtaining the prior written approval of Bank AlJazira.
- **Facilities Agreement with Emirates NBD Bank dated 20/04/1446H (corresponding to 23/10/2024G)**
  - **Total value of facilities:** SAR 260,000,000, including a standby letter of credit for the full amount.
  - **Guarantees:** a promissory note in the amount of SAR 260,000,000.
  - **Material restrictions:** No change may be made to the legal form or ownership structure of the Company without obtaining the prior written approval of Emirates NBD. In the event that the Offering is not completed within 6 months, the Company shall provide a cash margin for the letters of credit upon request in the amount of SAR 160,000,000.
- **Facilities Agreement with Arab National Bank dated 10/09/1444H (corresponding to 11/04/2023G), as amended on 04/03/1446H (corresponding to 19/09/2024G)**
  - **Total value of facilities:** SAR 250,000,000.
  - **Guarantees:** (1) a promissory note in the amount of SAR 250,000,000 and (2) any other guarantees required by the Bank.
  - **Material restrictions:** No change in the legal form or ownership structure of the Company may be made without the prior written consent of the Arab National Bank.
- **Facilities Agreement with Al Rajhi Bank, dated 17/11/1444H (corresponding to 06/06/2023G), as amended on 26/12/1446H (corresponding to 02/07/2024G)**
  - **Total value of facilities:** SAR 410,000,000, including (1) issuance of letters of credit in the amount of SAR 400,000,000 and (2) an amount of SAR 10,000,000.
  - **Guarantees:** a promissory note in an amount of SAR 410,000,000 due at sight.
  - **Material restrictions:** No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of Al Rajhi Bank.
- **Master Facility Agreement with Gulf International Bank dated 29/11/1445H (corresponding to 06/06/2024G)**
  - **Total value of facilities:** SAR 265,000,000.
  - **Guarantees:** A promissory note in the amount of SAR 265,000,000.

- **Master Facility Agreement with Gulf International Bank dated 29/11/1445H (corresponding to 06/06/2024G), which constitutes a sub-limit under the Master Facility Agreement with Gulf International Bank (for further information on the Master Facility Agreement with Gulf International Bank, please refer to Section 13.5(i) "Master Facility Agreement with Gulf International Bank" of this Prospectus).**
  - **Total value of facilities:** SAR 50,000,000.
  - **Material restrictions:** Under the agreement, the Company undertakes that it will not issue any additional shares or change any rights attached to its issued shares existing on the date of the agreement without obtaining the written approval of Gulf International Bank, nor will it conclude a transaction or series of transactions to sell, lease, transfer or otherwise dispose of its assets, nor will there be any change in the Company's ownership structure without obtaining the prior written approval of Gulf International Bank. Failure to comply with the aforementioned obligations shall be deemed a breach under the Agreement.

Under the financing agreements with government funds and Saudi banks, the Company has obtained facilities totaling SAR 4,635 million, while the total amount utilized from the facilities granted to the Company amounted to SAR 2,054 million (for further details, please refer to Section 13.5 "**Financing Agreements**" of this Prospectus). The facility agreements related to financing arrangements include a number of commitments the Company is bound by, including covenants, which if breached allows the financing parties to accelerate payments or ultimately to terminate the financing agreements, including if the Company is deemed to have materially misrepresented any information provided, fails to pay, when due, any order note or amount payable and/or if the Company fails to use the loan disbursements for the agreed purposes. If the Company fails to fulfill any of its obligations under the financing agreements, any assurance by the Company in those agreements is found to be incorrect or inaccurate, or the Company takes any steps towards filing for bankruptcy, insolvency, financial organization or restructuring, this will constitute a default event whereby lenders are entitled to terminate the financing agreements and demand payment of all amounts due and/or enforce the guarantees provided by the Company. However, there is no assurance that the lenders will continue to provide these facilities or agree to renew the relevant agreements. It is also worth noting that the Company is not compliant with some of the commitments stipulated in the financing agreements entered into with Saudi Industrial Development Fund regarding the delivery of financial statements to Saudi Industrial Development Fund within a maximum period of 90 days after the end of the financial year and informing Saudi Industrial Development Fund of the non-material lawsuits filed. Saudi Industrial Development Fund has not taken any action in this regard as of the date of this Prospectus. The financing agreements entered into with the Industrial Development Fund include additional restrictions related to the use of the Offering Proceeds, specifically that they must be used to settle the Industrial Development Fund loan, in addition to restrictions on making any change in the legal form or ownership structure of the Company without obtaining prior written approval from the Industrial Development Fund and an undertaking not to distribute any dividends without obtaining prior written approval from the Industrial Development Fund until the full financing amount is repaid. However, the Company transferred receivables worth SAR 121.2 million due from National Flight Services Company (an indirect shareholder at the time), for which a credit loss provision had been previously calculated, to NAS Holding (the sole shareholder in the Company at the time) to be settled by it. The transfer was completed by deleting the value of the receivables from the total equity, which may be considered a distribution of dividends in kind. The Company also made changes to its ownership structure in April 2024G, and the Company has obtained approval from the Industrial Development Fund for this purpose. It is worth noting that Banque Saudi Fransi, in its capacity as one of the lenders to the Company, requires that two indirect shareholders, Khalid bin Sultan bin Abdulaziz Al Saud and Alwaleed bin Talal bin Abdulaziz Al Saud, together own no less than 51.0% of the shares before the Offering and 30.0% after the Offering in accordance with the provisions of the relevant agreement. Additionally, the Murabaha Agreement with Banque Saudi Fransi includes provisions that restrict the Company's ability to declare or distribute any dividends without prior approval from Banque Saudi Fransi. The Company has obtained the approval of Banque Saudi Fransi for the distributions related to the transfer of the accounts receivable balance for the financial year ended 31 December 2022G. The guarantees provided by the Company for the purpose of the financing agreements include promissory notes and letters of waiver of the full amount of the Company's account with the relevant financing entity. The total value of the guarantees provided by the Company amounted to SAR 1,045.3 million as of the date of this Prospectus, representing 22.6% of the total facilities granted. The occurrence of any of the above-mentioned cases may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

B. Future Financing and Facilities

In the future, the Company may need to obtain additional financing from commercial banks, government entities and/or other financiers to cover working capital requirements or implement future growth plans. The Company's ability to obtain loans and facilities from lenders at lower costs or on appropriate terms depends on its future financial position, global economic conditions, financial market conditions, interest rates, availability of credit from banks or other lenders and the confidence of lenders in the Company. The Company may not be able to obtain financing on appropriate terms or at all for any reason, such as restrictions being placed on any current financing, lenders' views or the future results of the Company's operations, its financial position and cash flows. Borrowing at variable interest rates may also cause the Company to be vulnerable to increases in interest and/or commission rates (which may be significantly affected by factors beyond the Company's control, such as monetary and tax policies and global economic and political conditions), and the Company may not be able to obtain such financing at reasonable terms, or at all, when necessary. Any fixed or variable increase in interest or commission rates applied by banks or other lenders will lead to higher financing costs incurred by the Company, which will adversely affect its future profits and ability to pay and fulfil its obligations toward lenders. As a result, it may not be able to take advantage of business opportunities, such as acquisition opportunities, or react to changes in market or industry conditions. The occurrence of any of the above-mentioned cases could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.42 Risks Related to Fluctuations in Interest Rates

The Company may, in the future, resolve to enter into financing agreements at variable interest rates to fund its operational costs, invest in new technology, finance its expansion and growth, and manage cash flows. Accordingly, unhedged increases in the reference interest rates underlying its facilities would increase its finance charges and reduce its cash flows. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, international and domestic economic and political conditions, and other factors beyond the Company's control. In response to the current inflationary environment, central banks in certain jurisdictions have increased interest rates, such as, for example, SAMA's concurrent decisions to increase interest rates during the financial year ended 31 December 2023G. Central banks, including SAMA, may continue revising interest rates in the coming periods in light of the current economic conditions, further impacting the cost of financing. The Company may elect to hedge interest rate exposure from time to time, but such hedging may be costly and may not fully insulate it against increases in interest rates. Therefore, an increase in interest rates and related financing costs may lead to reductions in the Company's profitability and cash flow, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.43 Risks Related to Working Capital Management

The Company is also financed through operating profits and net working capital management as the increase in current liabilities has resulted in negative net working capital and an increase in the number of days of the cash conversion cycle. Overall, the average net working capital has improved in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G due to an increase in the volume of business payables and the recovery of the economy after COVID-19. Negative working capital indicates that the Company may face difficulty in meeting its short-term financial obligations, which may lead to liquidity problems and possibly disrupt daily operations, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects. The Company has resorted to financing from the Saudi Industrial Development Fund and other facilities from local banks to meet its short-term working capital needs (for further details, please refer to Section 13.5 "**Financing Agreements**" of this Prospectus).

Commercial carriers often have negative working capital since they collect payments from customers (for example, through ticket sales) before incurring many of their costs (such as fuel, maintenance, and employee salaries). This allows commercial carriers to use cash collected from customers to finance their operations, which can help improve liquidity and cash flow. However, prolonged negative working capital may eventually lead to increased reliance on short-term debt to meet working capital needs. Increased reliance on short-term debt can lead to increased financing costs and reduced profitability. Furthermore, negative working capital can affect a Company's credit worthiness or its relationship with lenders, suppliers and creditors. As a result, this could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is worth noting that the Company's cash flows from its operating activities amounted to SAR 625.6 million, SAR 522.3 million, SAR 1.3 billion, SAR 883.8 million and SAR 1,274.1 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, while lease obligation payments, bank loan repayments and cash flows from investing activities amounted to SAR (847.0) million, SAR (639.7) million, SAR (1.0) billion, SAR (738.6) million and SAR (918.6) million for the same periods, respectively. Accordingly, the Company did not have sufficient liquidity during the financial years ended 31 December 2021G and 2022G, recording a negative liquidity position (which does not include loan proceeds and therefore differs from the movement of cash flow statements, as the inclusion of loan proceeds of SAR 1,008.3 million in the financial year ended 31 December 2022G would have made net cash flow positive by SAR 890.8 million for the financial year ended 31 December 2022G) of SAR 137.8 million and SAR 117.5 million during those periods, respectively, as the Company's performance during the financial year ended 31 December 2021G was mainly impacted by COVID-19 related restrictions resulting in lower cash collected. The Company also resorted to seeking external financing during the financial year ended 31 December 2022G in light of the Company's fleet expansion plan. The Company met its cash needs by obtaining additional financing from the Saudi Industrial Development Fund and BSF (for further information regarding the risks related to the same, please refer to Section 2.1.41 "**Risks Related to Financing and Credit Facilities**" of this Prospectus). The following table shows the key financial indicators for net working capital for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 2.7: Key Financial Indicators for Net Working Capital for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

Turnover Days	Financial Year Ended 31 December			Nine-Month Period Ended 30 September
	2021G	2022G	2023G	2024G
Receivables turnover	12.4	9.6	14.9	18.8
Payables turnover	253.6	120.8	105.4	88.6
Inventory turnover	0.9	0.4	0.2	0.2
Cash conversion cycle	**(311.6)**	**(148.9)**	**(123.4)**	**(100.4)**

Source: Company's information

Net working capital amounted to SAR (1.7) billion, SAR (1.5) billion, SAR (1.6) billion and SAR (1.3) billion as of 31 December 2021G, 2022G and 2023G and 30 September 2024G, respectively. Note that net working capital includes current assets less current liabilities according to the management accounts, which showed reconciliation discrepancies when compared to the net working capital according to the financial statement data. The Company's operations are financed using a combination of operating profits and net working capital management through liabilities that resulted in negative net working capital and the cash conversion cycle.

It is worth noting that business operations and other payables generally impact net working capital. Note that the SAR 0.3 billion improvement in net working capital as of 30 September 2024G is due to the collection of payments made by the General Authority of Civil Aviation and the increase in prepayments, especially in the form of letters of guarantee, and receivables from NAS Holding Company (the sole shareholder in the Company at the time). Overall, the average net working capital increased gradually in Q3 of 2024G amid an improvement in days payable outstanding and days sales outstanding with expanded business and improved controls.

Table 2.8: Key Financial Indicators for Net Working Capital for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

Main Components of Working Capital								
SAR Million	Financial Statements				Management Accounts			
	31 December			30 September	31 December			30 September
	2021G	2022G	2023G	2024G	2021G	2022G	2023G	2024G
Trade receivables	104.5	145.9	299.7	472.7	104.5	112.6	230.3	384.0
Prepayments and other current assets	74.9	89.2	120.0	315.1	281.9	448.4	353.6	267.3
Aircraft deposits	56.4	38.9	36.1	7.7	0	0	0	·
Warehousing and spare parts	4.4	3.5	3.2	2.9	4.4	3.5	3.2	2.9
Trade payables and other payables	(1,736.3)	(1,625.7)	(1,754.5)	(1,635.2)	(2,052.8)	(1,814.3)	(1,775.1)	(1,530.6)
Trade payables	(1,477.7)	(1,355.7)	(1,550.4)	(1,460.2)	Not defined	Not defined	Not defined	Not defined
Other payables	(258.6)	(270.1)	(204.1)	(175.0)	Not defined	Not defined	Not defined	Not defined
Contract liabilities	(193.5)	(195.7)	(335.2)	(478.8)	(181.0)	(192.9)	(331.3)	474.9
Reported working capital	(1,689.5)	(1,543.8)	(1,630.7)	(1,315.6)	(1,842.9)	(1,442.7)	(1,519.4)	(1,351.4)
Minimum	**Not defined**	**Not defined**	**Not defined**	**Not defined**	**(2,181.7)**	**(1,902.9)**	**(1,766.9)**	**(1,600.0)**

Main Components of Working Capital								
SAR Million	Financial Statements				Management Accounts			
	31 December			30 September	31 December			30 September
	2021G	2022G	2023G	2024G	2021G	2022G	2023G	2024G
Maximum	Not defined	Not defined	Not defined	Not defined	(1,842.9)	(1,442.7)	(1,404.3)	(1,213.5)
Average	Not defined	Not defined	Not defined	Not defined	(2,057.0)	(1,791.9)	(1,612.8)	(1,378.4)
Turnover, in days								
Receivables collection days	12.4	9.6	14.9	18.8	12.4	7.4	11.5	15.3
Payables settlement days	253.6	120.8	105.4	88.6	352.3	161.7	120.7	92.2
Inventory turnover	0.9	0.4	0.2	0.2	0.9	0.4	0.2	0.2
Nontrade receivables	17.9	9.7	9.0	14.8	38.5	34.0	20.3	12.3
Nontrade receivables	89.2	47.7	42.2	45.6	35.7	19.8	25.9	33.1
Trade	(240.3)	(110.8)	(90.2)	(69.6)	(339.0)	(153.9)	(109.0)	(77.4)
	(311.6)	(148.9)	(123.4)	(100.4)	(336.2)	(139.7)	(114.6)	(98.3)

Source: Company's information.

Note: Receivables and payables turnover days are calculated based on the balances at the end of the period after deducting value-added tax, 15%. For calculation purposes, we have excluded depreciation from the cost of sales.

The difference in net working capital according to the management accounts and audited financial statements is mainly due to various reclassifications within the balance sheet. This is due to the fact that the management accounts are system extracts and have different mappings compared to the audited financial statements, as well as differences in presentation due to variations in planning within the management accounts compared to the audited accounts in accordance with International Financial Reporting Standards (IFRS). This includes:

- Differences in the calculation of aged receivables not included in expected credit losses (ECLs) and provisions related to the expected credit loss method.
- Differences in the calculation of items that are similar in nature to debts, which include aged accounts payable, Zakat and withholding tax payable to ZATCA, employee benefits related to bonuses, salary deductions and Board meeting fees.
- Differences in Related Party balances.

The Company's operations are financed through operating profits and working capital management in terms of collecting due amounts and paying liabilities. It is worth noting that the SAR 375.4 million improvement in working capital between 31 December 2021G and 31 December 2022G was affected by the settlement of payables to the General Authority of Civil Aviation, Saudi Ground Services Company, and Saudi Air Services, leading to a decrease in the balance of working capital liabilities. The value of working capital also decreased as of 31 December 2023G after an increase in the balances due to Jeddah Airport Company, which issued invoices for previous months during December 2023G following the occurrence of technology issues. Working capital turnover, which indicates how long the Company takes to pay amounts it owes, declined in terms of the number of days between 31 December 2021G and 30 September 2024G after the payment of the Company's obligations accelerated. The value of obligations payable to suppliers peaked on 31 December 2023G as a result of the COVID19 pandemic and the slowdown in collections from customers, which affected the payment process.

The Company may face difficulties in meeting and adequately managing its working capital requirements. The Company's internal cash flow and external financing may not be sufficient to cover its needs to the extent required. It is also worth noting that the Company is obligated to pay SAR 344.5 million to financing entities during the financial year ended 31 December 2025G and approximately SAR 359.7 million during the coming four-year period, which may affect the cash liquidity available to the Company. Difficulties in managing working capital may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.44 Risks Related to Lease Liabilities

The Company's lease liabilities include a number of arrangements that involve the leasing of aircraft, facilities, and related equipment. The value of the Company's lease liabilities amounted to SAR 2,783.0 million, SAR 3,631.7 million, SAR 5,525.0 million and SAR 5,837.2 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, constituting 41.2%, 41.2%, 47.5% and 48.9% of total liabilities in the same periods, respectively, while the noncurrent percentage of lease liabilities constituted 61.2%, 53.0%, 59.1% and 61.3% of total noncurrent liabilities in the same periods, respectively. In addition, aircraft-related provisions amounted to SAR 1,228.1 million, SAR 1,705.5 million, SAR 2,823.6 million and SAR 3,159.3 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, constituting 18.2%, 19.4%, 24.3% and 26.4% of the total liabilities for the same periods, respectively. Note that increased lease liabilities over the coming years, in conjunction with the Company's increased volume of operations in accordance with its expansion plans, may increase pressures on the Company's profit margins in the future, especially if the Company's revenues are unable to keep pace with lease liabilities, as lease liabilities generally are fixed obligations that require the Company to pay the liabilities periodically, whether in the case of leasing aircraft, equipment, or facilities, without regard for the performance of the Company in particular or the market in general.

Details of Amendment 2:

During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in its previous accounting policies. In previous years, the Company incorrectly expensed refundable maintenance deposits due to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease, with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.

Where applicable, amendments have been made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted in the Kingdom. As a result, Management has retrospectively restated the comparative figures to correct all prior year errors in the financial statements for the year ended 31 December 2022G as previous year amendments. However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 includes the additional correction in presentation.

However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 below includes the additional correction in presentation.

Details of Amendment 3:

The financial statements for the year ended 31 December 2023G were previously restated to reflect the reclassification of certain amounts previously reported under "Lease Liabilities" within non-current liabilities. These amounts were reclassified to "Aircraft-Related Provisions" (bifurcated between current and non-current liabilities) on the statement of financial position as of 31 December 2022G. This adjustment was made to align with the disclosure requirements outlined in IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IAS 1 (Presentation of Financial Statements), which necessitate the separate presentation of provisions on the face of the statement of financial position. Additionally, this reclassification had a consequential impact on the statement of cash flows for the year ended 31 December 2021G. Specifically, cash flows related to "Aircraft-Related Provisions", which were previously classified under financing cash flows, were reclassified to operating cash flows ensuring consistency with the nature of the underlying transactions.

Table 2.9: Statement of Financial Position as of 1 January 2021G

SAR Million	Previous Figures	Amendment 2	Amended	Amendment 3	Amended
Right-of-use assets	1,758.40	415.2	2,173.60	0	2,173.60
Total non-current assets	4,492.50	415.2	4,907.70	0	4,907.70
Total assets	5,241.90	415.2	5,657.00	0	5,657.00
Lease liabilities	377.3	(70.9)	306.40	83.5	389.90
Total current liabilities	2,404.50	(70.9)	2,333.70	83.5	2,417.20

SAR Million	Previous Figures	Amendment 2	Amended	Amendment 3	Amended
Lease liabilities	1,490.90	496.4	1,987.30	(642.4)	1,344.90
Total non-current liabilities	2,160.2	496.4	2,656.60	558.9	3,215.50
Total liabilities	4,564.7	425.5	4,990.30	(83.5)	4,906.80
Accumulated losses	(857.3)	(10.4)	(867.60)	0	(867.60)
Net equity	677.1	(10.4)	666.80	0	666.80

Source: The Annual Financial Statements.

Table 2.10: Statement of Financial Position as of 31 December 2021G

SAR Million	Previous Figures	Amendment 2	Amended	Amendment 3	Amended
Right-of-use assets	2,962.5	871.3	3,833.8	-	3,833.8
Total non-current assets	**6,022.2**	**871.3**	**6,893.5**	**-**	**6,893.5**
Total assets	**6,560.1**	**871.3**	**7,431.4**	**-**	**7,431.4**
Lease liabilities	333.0	(70.9)	262.1	-	262.1
Aircraft-related provisions	-	-	-	147.7	147.7
Total current liabilities	**2,560.7**	**(70.9)**	**2,489.8**	**147.7**	**2,637.5**
Lease liabilities	2,765.6	983.5	3,749.1	(1,228.2)	2,520.9
Aircraft-related provisions	-	-	-	1,080.5	1,080.5
Total non-current liabilities	3,280.7	983.5	4,264.1	(147.7)	4,116.4
Total liabilities	**5,841.3**	**912.6**	**6,754.0**	**-**	**6,754.0**
Accumulated losses	(815.7)	(41.3)	(856.9)	-	(856.9)
Net equity	**718.7**	**(41.3)**	**677.5**	**-**	**677.5**

Source: The Annual Financial Statements.

Table 2.11: Statement of Financial Position as of 31 December 2022G

SAR Million	Previous Figures	Amendment 2	Amended
Lease liabilities	401.2	-	401.2
Aircraft-related provisions	-	100.8	100.8
Total current liabilities	2,611.0	-	2,611.0
Lease liabilities	4,936.0	(1,705.5)	3,230.5
Aircraft-related provisions	-	1,604.8	1,604.8
Total non-current liabilities	6,197.8	(100.8)	6,097.1
Total liabilities	8,808.9	-	8,808.9

Source: The Annual Financial Statements.

Table 2.12: Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021G

SAR Million	Previous Figures	Amendment 2	Amended
Cost of revenue - other aircraft maintenance and costs	(309.3)	122.7	(186.5)
Cost of revenue - depreciation of right-of-use assets	(382.8)	(124.0)	(506.8)
Financing cost	(138.1)	(29.7)	(167.8)
Profit before Zakat	51.7	(30.9)	20.7
Profit for the year	50.8	(30.9)	19.9
Total comprehensive income for the year	41.6	(30.9)	10.7

Source: The Annual Financial Statements

Table 2.13: Statement of Changes in Equity as of 1 January 2021G

Item	As of 1 January 2021G	Amendments	After Amendment
Accumulated losses	(857.3)	(10.4)	(867.6)
Net equity	677.1	(10.4)	666.8

Source: The Annual Financial Statements

Table 2.14: Statement of Cash Flows as of 1 December 2021G

SAR Million	As of 1 January 2021G	Amendment 3	After Amendment	Amendment 3	Amended 2022G
Cash flows from operating activities					
Profit for the year before Zakat	51.7	(30.9)	20.7	-	20.7
Amendments to:					
Depreciation of right-of-use assets	382.8	124.0	506.8	-	506.8
Financing cost	138.1	29.7	167.8	-	167.8
	552.1	**122.7**	**674.8**	**-**	**674.8**
Changes in operating assets and liabilities					
Aircraft-related provisions	-	-	-	(83.5)	625.7
Net cash flows from operating activities	**709.2**	**-**	**-**	**(83.5)**	**625.7**
Cash flows from financing activities					
Repayment of lease liabilities	(360.0)	(93.0)	(453.1)	83.5	(369.6)
Financing cost paid	(129.4)	(29.7)	(159.1)	0.0	0.0
Net cash flow generated from (used in) financing activities	(489.4)	(122.7)	(612.2)	83.5	(528.6)
Net increase in cash and cash equivalents	(137.8)	-	(137.8)	-	(137.8)
Cash and cash equivalents at the beginning of the year	435.4	-	435.4	-	435.4
Cash and cash equivalents at the end of the year	297.6	-	297.6	-	297.6

Source: The Annual Financial Statements

Table 2.15: Statement of Cash Flows Ended 31 December 2022G

SAR Million	As of 31 December 2021G	Amendment 3	Amended 2022G
Cash flows from operating activities			
Aircraft-related provisions	-	(188.9)	(188.9)
Net cash flow from operating activities	711.2	(188.9)	522.3
Cash flow from financing activities			
Repayment of lease liabilities	(554.5)	188.9	(365.6)
Net cash flow generated from (used in) operating activities	161.9	188.9	350.8
Net increase in cash and cash equivalents	890.8	-	890.8
Cash and cash equivalents at the beginning of the year	297.6	-	297.6
Cash and cash equivalents at the end of the year	1,188.3	-	1,188.3

Source: The Annual Financial Statements

Accordingly, increased liabilities, failure to manage them properly, or decreased revenues may have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.45 Risks Related to Aircraft-Related Provisions

The Company's operations within its main business segments focus on operating aircraft and the associated costs and provisions related to purchasing or leasing, maintaining, upgrading and operating aircraft in accordance with the relevant regulatory controls. Aircraft-related provisions amounted to SAR 1,228.1 million, SAR 1,705.5 million, SAR 2,823.6 million and SAR 3,159.3 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, constituting 18.2%, 19.4%, 24.3% and 26.4% of the total liabilities for the same periods, respectively. Note that the provisions referenced include operating costs related to leased aircraft and aircraft engine maintenance. The size of the provisions is affected by a number of factors, including fleet size, operations, market conditions, regulatory or technological developments and maintenance needs, which may result in increases in aircraft-related provisions. Note that any discrepancy in the size of the increase in provisions compared to the size of the increase in the Company's revenues may result in an increase in the Company's costs and pressure on its profit margins, which may have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.1.46 Risks Related to the Re-Issuance of Financial Statements, Adjustments to the Previous Year, and Comparative Financial Statement Information

The Company's financial statements for the financial years ended 31 December 2022G and 2023G have been reissued due to a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. This may result in a risk regarding the possibility of the reissuance of the Company's financial statements if necessary.

Reason for Re-issuance (Amendment 1):

The financial statements for the year ended 31 December 2022G have been reissued because of a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. During the year ended 31 December 2022G, the Company transferred to NAS Holding (the parent company at that time) for no consideration its receivable balance from the National Flight Services Company (a non-controlling shareholder of the parent company at that time) to NAS Holding (the parent company at that time), in the sum of SAR 121,162,264. In the previously issued financial statements, this transfer was treated as a non-cash asset distribution to NAS Holding (the parent company at that time) at fair value. Since the asset was controlled by NAS Holding (the parent company at that time) before and after the distribution, IFRIC 17 ("Distributions of Non-Cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (Paragraphs 10-12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice.

The receivable had previously been carried at SAR 28.1 million, net of an expected credit loss of SAR 93.0 million. In light of the credit quality improvements during the year ended 31 December 2022G, before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121.2 million as such as gain on distribution of SAR 93.0 million was recognized in profit or loss. As of the date of this Prospectus, the Company has changed its accounting policy, now treating the distribution at net book value instead of the fair value. Therefore, the financial statements for the year ended 31 December 2022G have been reissued to exclude the gain on the distribution, as the net receivables transfer of SAR 28.1 million was recorded through accumulated losses. The following table outlines the impact of the amendment on the financial statements for the year ended 31 December 2022G:

Table 2.16: Impact of the Amendment on Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G.

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Gain on transfer of assets to owners	93.0	(93.0)	-
Operating profit	535.6	(93.0)	442.5
Profit before Zakat	270.7	(93.0)	177.7
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	**282.9**	**(93.0)**	**189.9**

Source: The Annual Financial Statements

Table 2.17: Impact of the Amendment on Equity as of 1 January 2022G

Statement of Changes in Equity as of 1 January 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	282.9	(93.0)	189.9
Transfer of assets to owners	(121.2)	93.0	(28.1)
Accumulated losses	(695.2)	-	(695.2)
Net equity	839.2	-	839.2

Source: The Annual Financial Statements

Other Amendments (Amendment 2, Amendment 3 and Amendment 4):

In addition to the re-issuance described above, the 31 December 2022 financial statements previously issued contained restatements of the comparative figures for the financial year ended 31 December 2021G. These amendments were included in the financial statements for the year ended 31 December 2022G, since the financial statements for the year ended 31 December 2021G have not been reissued.

In addition, the 31 December 2023G issued financial statements had restatements of the 2022G figures. As part of the re-issuance, these amendments have been included within the reissued 2022 Financial Statements.

Details of Amendment 2:

During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in its previous accounting policies. In previous years, the Company incorrectly expensed refundable maintenance deposits due to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease, with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.

Where applicable, amendments have been made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted in the Kingdom. As a result, Management has retrospectively restated the comparative figures to correct all prior year errors in the financial statements for the year ended 31 December 2022G as previous year amendments. However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 includes the additional correction in presentation.

However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 below includes the additional correction in presentation.

Details of Amendment 3:

The financial statements for the year ended 31 December 2023G were previously restated to reflect the reclassification of certain amounts previously reported under "Lease Liabilities" within non-current liabilities. These amounts were reclassified to "Aircraft-Related Provisions" (bifurcated between current and non-current liabilities) on the statement of financial position as of 31 December 2022G. This adjustment was made to align with the disclosure requirements outlined in IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IAS 1 (Presentation of Financial Statements), which necessitate the separate presentation of provisions on the face of the statement of financial position. Additionally, this reclassification had a consequential impact on the statement of cash flows for the year ended 31 December 2021G. Specifically, cash flows related to "Aircraft-Related Provisions", which were previously classified under financing cash flows, were reclassified to operating cash flows ensuring consistency with the nature of the underlying transactions.

Details of Amendment 4:

In the previously issued 2022 Financial Statements, cash flows associated with the acquisition of equipment and fixtures, including pre-delivery payments and related refunds for aircraft, were presented on a net basis. In the 2022 Financial Statements, these amounts have now been presented on a gross basis to comply with IAS 7.

The following table outlines a summary of previous year amendments and amendments to comparative information in the statements of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year ended 31 December 2021G:

Table 2.18: Summary of Previous Year Amendments and Amendments to Comparative Information in the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the Financial Year Ended 31 December 2021G

SAR Million	As Previously Included in the Financial Year Ended 31 December 2021G	Amendment 1	Amendment 2	Amendment 3	Reissued as of 31 December 2021G
Changes in the statement of financial position					
Lease liabilities	3,098.5		983.5	(1,228.2)	2,783
Aircraft-related provisions	-		-	1,228.2	1,228.2
Accumulated losses	(815.6)		(41.3)		(856.9)
Statement of profit or loss and comprehensive income					
Profit for the year	50.7		(30.9)		19.8
Total comprehensive income for the year	41.6		(30.9)		10.7
Statement of changes in equity as of 1 January 2021G					-
Accumulated losses	(857.3)	-	(10.4)		(867.7)
Equity	**677.1**	**-**	**(10.4)**		**666.7**
Statement of Cash Flows					
Net cash flows generated from operating activities	**709.2**	**-**	**-**	**(83.5)**	**625.7**
Net cash flows generated from (used in) investing activities	**(234.9)**	**-**	**-**	**-**	**(234.9)**
Net cash flows generated from (used in) financing activities	**(612.1)**	**-**	**-**	**83.5**	**(528.6)**

Source: The Annual Financial Statements

The following table outlines a summary of previous year amendments and amendments to comparative information in the statements of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year ended 31 December 2022G:

Table 2.19: Summary of Previous Year Amendments and Amendments to Comparative Information in the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the Financial Year Ended 31 December 2022G:

SAR Million	As Previously Included in the Financial Year Ended 31 December 2022G	Amendment 1	Amendment 2	Amendment 3	Reissued as of 31 December 2022G
Changes in the statement of financial position					
Lease liabilities	5,337.2		-	(1,704.8)	3,632.5
Aircraft-related provisions	-		-	1,704.8	1,704.8
Statement of profit or loss and comprehensive income					
Profit for the year	264.8	(93.0)	-		171.8
Total comprehensive income for the year	282.9	(93.0)	-		189.9
Statement of changes in equity					
Accumulated losses	(695.2)	-	-	-	(695.2)
Equity	839.2	0.0	-	-	839.2
Net cash flows generated from operating activities	**711.2**			**(188.9)**	**522.3**
Net cash flows generated from (used in) investing activities	**17.7**				**17.7**
Net cash flows generated from (used in) financing activities	**161.9**			**188.9**	**350.8**

Source: The Annual Financial Statements

It should be noted that it cannot be guaranteed that there will be no similar or different changes in assumptions, estimates, basic judgments, or accounting policies applied in the future, which may have a material adverse impact on the Company's business, financial position, results of operations, financial position and prospects.

2.1.47 Risks Related to the Use of Accounting Assumptions, Estimates and Judgements, and the Corresponding Errors

For the purpose of preparing its financial statements, the Company uses certain accounting assumptions, estimates and judgments related to complex accounting matters, varying interpretations of which could significantly affect the Company's financial results. Generally accepted accounting principles and related accounting pronouncements, relevant implementation guidelines and interpretations cover a wide range of matters that are relevant to the Company's business, including, but not limited to, cost of sales recognition standards, revenue recognition, fair value of investments and assets, impairment of long-lived assets, leases and related economic transactions, intangibles, taxes, property, equipment and litigation, which are complex and involve many subjective assumptions, estimates and discretionary judgments by the Company, creating room for accounting errors. For example, the Company's EBITDA estimates have seen potential adjustments for a number of items, including, but not limited to, non-routine costs (such as flight and project delays for 2021G due to travel restrictions imposed at the time as part of the precautionary measures to limit the spread of the COVID-19 virus), compensation related to business from the previous year, withholding taxes and amounts credited that exceeded a collection period of one year, respectively. This may result in difficulties in comparing or evaluating the Company's performance in the relevant years, in addition to difficulties in complying with relevant regulatory or tax disclosures, which may result in fines or penalties or have an adverse effect on the Company's reputation. The following is a summary of the points affecting the proper presentation of the financial statements:

- **Outstanding Aircraft Deposits**

  The aircraft deposit data contains a list of deposits that should have been collected after they fell due. However, the deposits due in the financial year ended 31 December 2023G have not yet been collected as of the nine-month period ended 30 September 2024G. The deposits were not collected since the aircraft delivery procedures have not been completed to date.

- **Maturity and Aging of Deposits to Suppliers**

  The Company classifies all its deposits to vendors and suppliers as current assets, as no aging or maturity analysis is performed by the Company. Some balances saw no movement during the period between the financial year ended 31 December 2021G and the nine-month period ended 30 September 2024G. The Company needs to determine the value of balances of a long-term nature and classify them accordingly to reflect the state of working capital more accurately, in compliance with best practices.

- **Failure to Separate Advances to Suppliers and General Sales Agent Balances**

  The trade receivables and trade payables statements contain balances of advances provided to suppliers and received from general sales agents, which are deducted from the total balances. This approach reduces the balances of trade receivables and trade payables as of each balance sheet date and also results in an inaccurate picture of the Company's financial data. The Company needs to identify and classify these balances according to the nature of the associated assets and liabilities to more suitably reflect the state of working capital.

- **Failure to Disclose Litigation, Judgments and Related Provisions**

  As of 30 September 2024G, the Company has 12 lawsuits filed against it as a defendant, and the value of potential liabilities and obligations related to these lawsuits amounts to SAR 3.9 million. A provision related to these lawsuits has been booked under the accrued expenses column in connection with previous years. It is worth noting that the details associated with these lawsuits have not all been mentioned in detail in the Company's financial statements. It should be mentioned that the value of liabilities related to these lawsuits increases the value of the obligations that the Company may incur in the coming periods.

- **Nonuniform Application of IFRS 16 – Maintenance Reserve**

  During the financial year ended 31 December 2022G, Management restated and reformulated its financial results for the financial year ended 31 December 2021G after recognizing the maintenance reserve and recording it as a lease liability and under right-of-use assets in accordance with the provisions of IFRS 16. However, instead of applying the policy uniformly across all aircraft categories, Management excluded Airbus A320 and A320CEO aircraft from its fleet, resulting in an inconsistent scope of application of the accounting standard. The effect is expected to amount to SAR 38.0 million (without accounting for the deduction) in the nine-month period ended 30 September 2024G.

- **Accounting and Accrual Basis**

  The Company does not have a policy that stipulates recording employee benefits such as leave, air tickets, etc., utilities and financing costs (mainly due to the unavailability of the price within the Industrial Fund agreement) at the end of the relevant period. Instead, expenses are recorded at the time they are utilized and the entitlements are earned or paid. This practice is inconsistent with accounting policies and the applicable financial reporting framework.

- **Absence of a Policy for Booking Provisions Against Warehousing and Spare Parts**

  The Company does not have a policy for determining and booking provisions related to inventory and spare parts in accordance with the requirements of IAS 2. Instead, the provision is recorded after an assessment of the ability to service warehouses and spare parts.

- **Maintenance of Right-of-Use Asset Files through Excel**

  Calculation and file storage of right-of-use assets for provisions for aircraft and other assets takes place in Excel, and no summary report is available that provides insights into the asset list for costs, additions, deletions and net book values as of each balance sheet date.

- **Enterprise Resource Planning Limitations and Lack of Integration with Other Systems (ERP)**

  The aging schedule of the Company and Related Parties is not available in the ERP software since the companies mentioned in the Oracle system are not defined as suppliers or clients, and movement in accounting entries is not recorded directly in the general ledger. Instead, aging schedules are prepared to track the status of transactions with Related Parties. The reports generated by the ERP system provide only the current list of equipment, furniture and aircraft lease contracts. The ticketing system used by the Company is not effectively linked to the ERP system in real time, which leads to reconciliation issues for unused ticket balances.

- **Key IT Systems**

  Oracle and New Skies from Navitaire are not effectively linked electronically, and data is migrated using the ERP tool on a periodic basis. Due to integration issues, the unused ticket balance generated by the ERP system is not accurate in terms of matching and accuracy. The reconciliation discrepancy amounted to SAR 2.2 million in the financial year ended 31 December 2021G, SAR 0.8 million in the financial year ended 31 December 2022G, SAR 0.6 million in the financial year ended 31 December 2023G, and SAR 0.6 million in the nine-month period ended 30 September 2024G, respectively.

- **Issuance of Annual Audited Financial Statements and Quarterly Unaudited Financial Statements for the Reporting Period**

  The audited financial statements for the financial years ended 31 December 2021G and 2022G were not signed within the time frame issued by the CMA (within 90 days from the end of the year). The external audit reports were signed on:

  - With respect to the financial year ended 31 December 2021G: 19/11/1443H, corresponding to 14/06/2022G.
  - With respect to the financial year ended 31 December 2022G: 28/10/1444H (03/05/2023G).
  - With respect to the financial year ended 31 December 2023G: 28/10/1445H (07/05/2024G).

Furthermore, the Company did not issue the quarterly financial statements during the financial years ended 31 December 2021G, 2022G and 2023G. Following potential Listing, the Company will be required to publish unaudited interim financial statements within 30 days of the end of each quarter. In line with the Offering, the Company has issued quarterly financial statements without complying with the 30-day schedule. The financial statements for the three-month periods ended 31 March 2023G and 2024G were signed on 26/01/1446H (01/08/2024G) (three months after the deadline), the six-month periods ended 30 June 2023G and 2024G on 25/03/1446H (16/09/2024G), and the nine-month periods ended 30 September 2024G.

The Company's financial statements may also be affected by some of the Company's financial reporting practices, including, but not limited to, the classification of all guarantees provided to vendors and suppliers as current assets, for which no aging or maturity analysis is performed. The trade receivables and trade payables statements also include balances of advances provided to suppliers and received from sales agents, which are netted against the total balances. Changes in the underlying assumptions, estimates, judgments or the applicable accounting policies may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.48 Risks Related to *Zakat* and Tax

The Company is subject to *Zakat* and tax requirements in the Kingdom, as regulated by the *Zakat*, Tax and Customs Authority ("**ZATCA**") in the Kingdom. The Company has obtained its initial *Zakat* assessments from ZATCA for all years up to 2011G. As for the years from 2012G onwards, its *Zakat* and tax assessments is still under review by ZATCA. From 2013G onwards, *Zakat* returns were submitted on a consolidated basis by NAS Holding. Accordingly, the Company's *Zakat* charge for the year was calculated on a consolidated basis at the level of NAS Holding and then allocated to the Company, if any. The amounts owed by the Company amounted to SAR 0.9 million, SAR 5.9 million, SAR 16.5 million, SAR 12.5 million and SAR 18.1 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, while the Company did not have any amounts allocated for losses in those years. The Company has submitted *Zakat* and tax returns for the financial years until 2022G, and has paid its *Zakat* and tax dues within the required timeframe. The Company also obtained the final *Zakat* certificate for the *Zakat* returns submitted for the years ended 31 December 2021G, 2022G and 2023G. It is worth noting that there are discrepancies between the amounts presented in the VAT declarations submitted to ZATCA and the Company's financial statements. Additionally, the Company submitted its VAT declarations for 2018G and 2019G, which was reviewed by ZATCA, resulting in the imposition of additional fees in an amount of SAR 36.8 million. The Company successfully objected to this assessment and recovered the full amount. However, there is a risk that ZATCA may revert to any year within the five previous years if there is no *Zakat* assessment issued for any of the years in which the final Zakat assessment has not been issued, for the purpose of challenging the returns submitted in accordance with the Zakat Implementing Regulations issued by Ministerial Resolution number 2217, dated 07/07/1440H (corresponding to 14/03/2019G). In such case, ZATCA may require the Company to pay additional *Zakat* amounts. The Company will bear any future claims, *Zakat* differences or tax claims for previous years and up to the date of Admission. Nonetheless, any differences in ZATCA's assessment of the Company's *Zakat* may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, there are differences between the amount of services declared under the reverse charge mechanism in VAT returns and the amounts declared in withholding tax returns. This may lead to additional fees imposed by ZATCA in accordance with the Value Added Tax Law, which may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

The Company has imported goods from outside the Kingdom where VAT (deferred) has not been imposed by ZATCA in the Kingdom under ZATCA's Tax Exemption Law. However, failure to report such imports under the VAT returns may subject the Company to additional fees, which will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Although the Company has adopted a conservative approach to provisioning for *Zakat* and tax liability, with total provisions including provisions in an amount of SAR 0.9 million, SAR 5.9 million, SAR 16.5 million, SAR 12.5 million and SAR 18.1 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, in addition to an allocation of SAR 1.0 million as Zakat surplus to cover any expected shortfall resulting from the proposed final assessment by ZATCA, the final Zakat and tax outcomes may be different from the amounts considered, recorded, estimated and provisioned by the Company, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.49 Risks Related to Difficulty in Hiring and Retaining Qualified Pilots, Cabin Crew and Other Personnel

The Company's business is labor intensive and requires a significant number of personnel with specific skill sets and technical qualifications, including in particular cockpit crew, cabin crew and operations management staff with qualifications in aircraft maintenance, information technology and sales, all of which may, from time to time, be in short supply in the aviation industry in general, and in the Middle East in particular. As a result, the Company may have to compete with other carriers and devote significant time and resources to recruitment and training (for further details on competition in the aviation sector, please refer to Section 2.2.7 "**Risks Related to Competition**" of this Prospectus). The Company's expansion plans and growth strategy may also depend to a large extent on the skills, efforts, performance and continued service of officials, operational staff and other key employees (for further details on recruitment and training, please refer to Section 4.15.3 "**Recruitment and Training**" of this Prospectus). The Company may also not be able to attract and retain skilled employees such as pilots and technicians in key positions or recruit a significant number of such new employees with the appropriate professional and/or technical qualifications. If the Company is unable to attract and retain a sufficient number of qualified employees at reasonable costs, it could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

It is also worth noting that the Company relies on employees licensed by the General Authority of Civil Aviation, specifically the cockpit crew, as the Civil Aviation Law requires anyone working in the cockpit of an aircraft registered in the Kingdom or operating in its territory to obtain a valid license issued by the General Authority of Civil Aviation or by the country of which the aircraft is a national, provided that the license takes into account the standards stipulated in international treaties. The same applies to the aircraft crew, who must obtain the relevant licenses from the General Authority of Civil Aviation in the Kingdom or from the country of which the aircraft is a national. The requirements for issuing licenses and ongoing obligations include commitment to medical fitness, continuous training, experience and flying hours, among a range of other requirements (for further information regarding the regulatory environment of the aviation industry, please refer to Section 12 "**Regulation of the Aviation Sector**" of this Prospectus). Accordingly, the inability of pilots, crew members or other operation personnel in general – and the Company's employees in particular – to maintain their licenses, or any increase in the costs and requirements associated with compliance with these obligations, due to any changes in regulations or application thereof by the relevant regulatory authorities, may lead to a shortage in the number of qualified employees, disruption of the Company's operations and increased operating costs. This may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.50 Risks Related to Reliance on Senior Executives and Key Employees

The Company's success depends on the continued service and performance of its Senior Executives and other key employees, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. In light of the Company's activities within the aviation industry, the Company relies on some key employees who have extensive experience in aviation, business development and marketing, and who have made significant contributions to the development of its operations. Such industry and similar industries within the aviation services industry generally witness intense competition for management and key personnel, and the Company may not have the ability to retain its existing personnel or recruit new qualified personnel. In addition, to keep pace with the developments in the market, the Company needs to recruit new talent, which requires the Company to spend more resources and allocate more time to train employees, motivate them to be creative and innovative, and allow them to familiarize with the Company's internal functions and operations (for further details regarding the Senior Executives, please refer to Section 5.5.2 "**Members of the Executive Management**" of this Prospectus).

The Company may need to invest significant financial and human resources to find, recruit and train qualified employees, and it may not achieve returns on such investments. The loss of the services of the Company's Senior Executives or key employees may prevent or delay the implementation and completion of its strategic objectives and divert management's attention to seeking certain qualified replacements, which would negatively affect the Company's ability to manage its business effectively. The Company's inability to recruit and retain Senior Executives and key employees who have high skills in the appropriate areas could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.51 Risks Related to Employee Misconduct and Errors

Employees of the Company may commit acts or errors which adversely affect the Company's business, such as engagement in illegal activities, misuse of information, disclosure of confidential information, publication of misleading information or violation of the Company's internal controls. These actions and errors may result in violations of any of the applicable laws or regulations in the Kingdom, which may lead to fines being imposed against the Company by the competent authorities. Such fines may vary according to the employee misconduct or severity of the error and may cost the Company financial liability and/or damage its reputation. The Company may not always be able to prevent its employees from committing any misconduct, given the inability to ensure employee compliance with internal policies on an ongoing basis, which will cause the Company to incur losses, impose additional financial burdens and fines on it, or damage its reputation. The Company's internal policies relating to governance and compliance may be insufficient to protect the Company from any errors committed by its employees. Any fines, penalties or claims may affect the profitability of the Company. In addition, negative publicity regarding employee misconduct may adversely impact the Company's reputation and demand for its services. Thus, misconduct and errors committed by Company employees may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.52 Risks Related to Labor Costs

The Kingdom has implemented a number of reforms aimed at increasing Saudi employee participation in the labor market, including imposing fees on non-Saudi employees employed at Saudi institutions as well as fees on residency permits of family members of non-Saudi employees. The non-Saudi employees' fees became effective on 14/04/1439H (corresponding to 01/01/2018G) while the residency permit fees became effective on 07/10/1438H (corresponding to 01/07/2017G). Such fees increased gradually up to SAR 9,600 annually per employee in 2020G. As of 30 September 2024G, non-Saudi employees constituted 45.0% of the Company's total employees. Imposition of such fees and increases led to an increase in the governmental fees paid by the Company for its non-Saudi employees, which amounted to SAR 6.2 million, SAR 9.4 million, SAR 10.5 million, SAR 8.1 million and SAR 9.3 million in the financial years ended 31 December

2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. In addition, an increase in fees payable by non-Saudi employees for their family members resulted in higher living costs, which may affect the attractiveness of the Kingdom for such employees who may look to relocate to other countries with lower living costs. Consequently, high governmental fees and difficulty in maintaining non-Saudi employees could have an adverse effect on the Company's business, results of operations, financial position and prospects.

The MHRSD has officially announced the launch of the Improving Contractual Relationships initiative, which encompasses a number of policies and controls, including the replacement of the Kafala (sponsorship) system with an employment contract system between the employer and expat worker, which became effective on 01/08/1442H (corresponding to 14/03/2021G). Under this initiative, the Kingdom strives to improve and promote the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labor market and raise its attractiveness in line with international best practices, as well as activate contractual reference in the employment relationship between employers and employees based on a documented employment contract between them through the contract documentation program. The job mobility service also allows the expat worker to switch to another job upon the expiration of their employment contract without the employer's consent. Furthermore, the initiative also defines the mechanisms of mobility during the term of the contract, provided that the notice period and applicable controls are adhered to. The exit and return service allows expat workers to travel outside the Kingdom upon submitting an application, while notifying their employers electronically. The final exit service enables expat workers to leave immediately upon the expiration of the contract, while notifying their employers electronically, without the employer's consent. The initiative also provides the option for workers to leave the Kingdom, where the worker bears all the consequences of the termination of the contract. All these services are already available through the "Absher" platform and MHRSD's "Qiwa" platform. As a result, the Company may be adversely affected in the event that a large number of non-Saudi employees decide to switch to other companies, in which case the Company would not be able to prevent them except to the extent permitted under their employment contracts. Hence, the Company may face difficulties in contracting with new employees to replace them. Should the Company lose a large number of its non-Saudi employees due to such employees switching to other companies and be unable to hire new employees to replace them, this would have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.53 Risks Related to Protection of the Company's Intellectual Property Rights

The Company's business, its operations and success depend on its intellectual property rights, including its "flynas" trademark. As of the date of this Prospectus, the Company has registered 15 trademarks including "flynas" in 11 countries in addition to the European Union (for further information, please refer to Section 13.9.1 "**Air Operator Certificate**" of this Prospectus). However, if the Company is unable to successfully register and protect its intellectual property rights for any reason in any of the countries in which it currently operates or will operate in the future, or if any third party misuses the Company's intellectual property or damages its reputation, the value of the Company's trademark and reputation may be damaged, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, any of the Company's intellectual property rights, including patents, copyrights, trademarks, trade secrets or other intellectual property rights, may be challenged, limited, invalidated, or held unenforceable through lawsuits or other legal proceedings. The Company may lose intellectual property rights due to some of these proceedings or because such rights no longer provide a competitive advantage to the Company's website, smartphone application, services or systems. As a result of litigation, the Company may incur significant costs and be required to make substantial time investments. The Company is also exposed to increased risks of unauthorized access to its websites, platforms and services, as well as being vulnerable to cyberattacks, and thus its intellectual property rights may be infringed. The Company may also have to employ significant resources to monitor and protect intellectual property rights and, in some cases, may have to lodge lawsuits against third parties for infringement or other breach of the Company's intellectual property rights. Any litigation, whether resolved in favor of the Company or not, will result in significant expenditures and distract and divert the efforts of its technical and management staff toward such lawsuits. Attempts to enforce the Company's intellectual property rights against third parties may also cause such parties to assert their property or other rights against any of the Company's entities, or lead to the invalidation or limitation of the Company's rights in whole or in part, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.54 Risks Related to Inadequacy of Insurance Coverage and Increased Insurance Costs

As of the date of this Prospectus, the Company maintains insurance coverage for its operations through several types of insurance policies, including aviation liability insurance, aircraft all risks insurance and vehicle insurance policies (for further details regarding the insurance policies issued to the Company, please refer to Section 13.7 "**Insurance**" of this Prospectus). Insurance policies maintained by the Company may not sufficiently cover all risks to which it is exposed, and the limits of insurance coverage under such policies may be insufficient to cover the losses that the Company may incur in connection with the insured risks, such as substantial financial loss, personal injury claims from third parties, accidents during the course of operations, and loss resulting from damage to the Company's property. The Company may not be able to substantiate its claims according to the applicable insurance policies due to the existence of exceptions or restrictions on insurance coverage, such as limiting insurance coverage to certain types of accidents, which will cause the Company to bear compensation for losses caused by any other accidents itself. The Company may also be affected by a number of risks that are not covered by insurance or that require insurance coverage with high costs or exceed the Company's capacity. There may be future accidents that the Company did not insure to cover the losses of or that may not be covered by insurance at all, which could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

Additionally, the Company's claims may exceed the value and extent of the coverage of its insurance policies, or the damage may not be covered by the insurance. Also, claims submitted by the Company may be rejected by the relevant insurance company. Moreover, the Company may be unable to obtain adequate insurance coverage due to an increase in premiums or unavailability of coverage (due to an increase in premiums, discounts or co-insurance requirements), whether relating to the aviation industry in particular or in general. Any of these factors could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.55 Risks Related to Real Estate

As of the date of this Prospectus, the Company leases 19 properties for use as operations centers as part of its business operations in addition to 4 properties for use as accommodation for its employees as of 30 September 2024G (for further details regarding the leases entered into by the Company, please refer to Section 13.8 "**Real Estate**" of this Prospectus). The Company's leases generally have fixed terms ranging between one year to ten years, and such leases generally include renewal mechanisms either automatically or through the signing of a written agreement. A lease for space within the King Khalid Airport area in Riyadh has expired in the ordinary course of business. The Company may not be able to renew expired leases or existing leases upon expiration , or such leases may be renewed under different terms, conditions or lease amounts that may not be favorable to the Company. If the Company decides to vacate any of its leased properties due to the termination or non-renewal of the leases in accordance with their terms, or due to their renewal according to terms that do not serve the interest of the Company, the Company will incur additional costs in connection with relocation of its operations to a new site, which may include an increase in the lease amount and/or costs related to necessary renovations of the new site. The occurrence of any of the aforementioned risks may have a material adverse effect on the Company's business, financial position, results of operations and prospects.

In addition, the Minister of Commerce and the Minister of Municipalities and Housing issued a unified lease contract for the commercial real estate sector on 29/06/1441H (corresponding to 23/02/2020G), with such contract becoming mandatory pursuant to Ministerial Resolution No. 405, dated 22/09/1437H (corresponding to 28/06/2016G), whereby all residential and commercial lease contracts must be registered on the Ejar platform for approval as enforcement bonds. In addition, as of the date of this Prospectus, 3 lease contracts were not registered on the Ejar platform by the Company, noting that they do not comply with the unified commercial lease contract model issued by the Ministry of Municipalities and Housing, including 2 lease contracts for its operations centers and office in Jeddah and 2 lease contracts as accommodation for its employees. It should be noted that the sites located within the airports are not subject to registration on the Ejar platform. It is also worth noting that a circular was issued by His Excellency the Minister of Justice addressed to all courts stating that lease contracts that were not registered on the electronic network for Ejar lease services shall not be considered valid contracts that produce their administrative and judicial effects, in accordance with Council of Ministers' Resolution No. 292, dated 16/05/1438H (corresponding to 13/02/2017G). Therefore, the Company may not be able to file lawsuits to claim rights arising from unregistered lease contracts for contracts entered into after 04/05/1440H (corresponding to 10/01/2019G). Furthermore, the Ministry of Municipalities and Housing intends to link the services of electronically registered lease contracts to the "Balady" service, under which commercial municipal licenses are issued and renewed. If these services are linked, the Company will not be able to obtain municipal licenses or renew the Company's non-electronically registered lease agreement. This may lead to the disruption of the Company's operations or expose it to penalties and fines as a result of non-compliance with the applicable regulations. Also, the existence of standardized lease contracts may not grant the Company the freedom to specify all of the terms thereof. Therefore, if the Company does not comply with the relevant requirements and regulations, this may result in it being exposed to fines or penalties or may affect its ability to enforce its lease contracts, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.56 Risks Related to Claims and Litigation

As of the date of this Prospectus, the Company, as plaintiff, has filed 5 commercial lawsuits within the ordinary course of its business, with an estimated total financial impact of SAR 89.9 million (excluding one lawsuit with no financial impact). The Company is also a party, as defendant, to 4 commercial lawsuits in the ordinary course of its business, with an estimated total financial impact of approximately SAR 205.0 thousand, in addition to 6 labor lawsuits in the ordinary course of its business, with an estimated total financial impact of approximately SAR 3.0 million. The Company has made provisions for these lawsuits amounting to SAR 0, SAR 7.9 million, SAR 64.7 million and SAR 74.4 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively (for further details, please refer to Section 13.10 "**Claims and Litigation**" of this Prospectus). The Company incurred liabilities of SAR 1.2 million, SAR 2.4 million, SAR -2.9 million and SAR -3.0 million in the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G, respectively, as a result of lawsuits that were entered in each of the periods indicated. However, the Company cannot predict the outcome of claims and lawsuits brought by or against it, and any unfavorable result for the Company may affect its reputation and could have a material adverse effect on the Company's business, financial position, results of operations and prospects. In addition, the Company may, in the future, become exposed to the risk of lawsuits, claims and other judicial proceedings related to its business operations, including actions by partners, suppliers and employees. The Company anticipates the incurrence of costs in connection with current or future proceedings filed by or against it, or as a result of such lawsuits or judgments, including fines imposed and damages due therefrom. Therefore, any unfavorable judgment or decision by a judicial or quasi-judicial body for the Company in any current or future lawsuits, claims or other judicial proceedings could have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.57 Risks Related to Licenses, Certificates, Permits and Governmental Approvals

The Company must obtain licenses, permits and regulatory approvals required for its operations and ensure their validity for the duration of its provision of services and engagement in the licensed activities. In particular, the Company is required to obtain certain licenses and certifications to conduct and carry out its activities in the Kingdom, including the commercial registration certificate issued by the Ministry of Commerce; the AOC and the Scheduled Passenger Air Transport Economic License issued by GACA; the certificate of registration issued by the International Air Transport Association; and municipality licenses issued by Ministry of Municipalities and Housing in relation to the Company's offices. However, as the date of this Prospectus, it has not obtained a number of the licenses required to practice some of the activities included in its commercial register, which are not part of its current business, namely licenses for (1) non-commercial aircraft operation, (2) loading and unloading of air cargo aircraft, (3) providing aircraft brokerage services, (4) demand air carrier, and (5) brokerage in the sale of aircraft spare parts and simulators from the General Authority of Civil Aviation. It is worth noting that the cosmic radiation exposure monitoring certificate issued by the Nuclear and Radiological Regulatory Commission has expired in the ordinary course of business. As of the date of this Prospectus, the Company has not renewed this certificate as the Nuclear and Radiological Regulatory Commission is in the process of reviewing the regulations related to cosmic radiation exposure monitoring (for further information regarding the Company's licenses and permits, please refer to Section 13.2.4 "**Key Licenses**" of this Prospectus). The competent authorities may refrain from issuing any of the licenses required by the Company to practice its business, renewing them, accrediting them, amending their scope, or granting the necessary approvals for any changes. They may also impose additional requirements and conditions that may be unfavorable to the Company, which could result in the Company being unable to renew them. If the Company fails to obtain any of the licenses required to conduct its business, fails to renew licenses, permits, approvals and certificates on favorable terms, or is unable to amend the scope of these licenses as needed, the Company may be subject to fines or penalties, suspension, interruption or cessation of its operations in whole or in part, and have to incur additional costs, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.58 Risks Related to the Company's Material Agreements

The Company has entered into several material agreements related to the cost of services in the ordinary course of its business, including aircraft purchase agreements, sale and leaseback agreements, fuel supply agreements, ground handling agreements and catering services agreements. The value of the liabilities – generally reflecting the usage value based on the unit price of services or products provided by service providers and suppliers – resulting from the material agreements with service providers and suppliers, excluding agreements with aircraft manufacturers, specifically Airbus, amounted to SAR 875.3 million, SAR 1,816.5 million, SAR 2,237.3 million, SAR 1,693.9 million and SAR 2,157.3 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 33.0%, 39.2%, 37.6%, 37.1% and 40.1% of the Company's total costs for the same periods, respectively. The Company has entered into a number of material agreements related to service revenue in the ordinary course of its business, such as payment services agreements, catering services agreements, and travel and tourism services agreements. The value of revenues resulting from material agreements entered into with customers – generally reflecting the usage value based on the unit price of services provided by the Company – amounted to SAR 804.4 million, SAR 1,251.1 million, SAR 1,650.3 million, SAR 1,093.0 million and SAR 1,590.6 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 30.1%, 26.0%, 25.9%, 24.3% and 18.6% of the Company's total revenues for the same periods, respectively. The liabilities arising from the Airbus agreement amounted to SAR 1,791.4 million, SAR 1,577.1 million, SAR 3,712.5 million, SAR 2,180.0 million and SAR 1,196.8 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 24.1%, 16.3%, 28.9%, 17.9% and 8.8% of the Company's total assets for the same periods, respectively. The liabilities resulting from the agreement with Airbus are part of the aircraft purchase amount – specifically the pre-delivery payments – prior to entering into purchase and leaseback agreements, for the purpose of the full purchase amount being paid by the lessor (and the Company recovering the partial payment it made) and transferring the ownership of the aircraft to the lessor, and then re-leasing the aircraft by the Company for operation within its fleet, for more details, please refer to Section 4.5 "**The Company's Fleet**" and Section 13.4.1 "**Aircraft Purchase and Leaseback Agreements**" of this Prospectus. It is noted that the Company entered into a new agreement with Airbus in November 2024G for the purpose of purchasing 30 new wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase 15 additional aircrafts of the same model (for more details, please refer to Section 13.4.1.1(b) "**A330neo Purchase Agreement**" of this prospectus).

As of the date of this Prospectus, the Company has 60 material agreements with service providers, suppliers, and customers. 50 of these agreements are of an unspecified or pre-fixed value, where the value-as-used is calculated based on the unit price of services or products provided, as applicable, with values amounting to SAR 1,360.3 million, SAR 2,616.5 million, SAR 3,429.0 million, SAR 2,464.6 million and SAR 3,084.2 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively. The number of specified value agreements is 10, which are agreements with aircraft manufacturers and suppliers, including Airbus, with values amounting to SAR 2,110.8 million, SAR 2,028.2 million, SAR 4,171.0 million, SAR 2,502.3 million and SAR 1,860.4 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively.

It is worth noting that the contracting parties working with the Company under many of its material agreements are not contractually obligated to renew these agreements, enter into new agreements or continue working under them. If these parties decide to terminate any or all of these agreements at any time and for any reason, or if they refuse to renew them on terms favorable to the Company or at all, the Company may not be able to compensate for any losses incurred due to the termination of any of the material agreements or it may be unable to find alternative suppliers or providers for its engines, fuel, maintenance services or any other services on favorable terms or at all. This could lead to the disruption of the Company's operations and business segments and negatively affect the Company's revenues and profitability.

It is worth noting that the provisions of a number of the material agreements entered into by the Company stipulate the right of the contracting parties to terminate those agreements for convenience, including the landing services agreement with TP Aerospace Pro ApS, the aviation fuel supply agreements entered into with United Fuel Company, Air Total S.A., Associated Energy Group and HIFA OIL doo. Tešanj and Indian Oil Company; the engine maintenance agreement with MTU Maintenance Zhuhai Co. Ltd.; the aircraft maintenance agreements with Turkish Technic and First Class Aviation Services; aircraft operation and management agreements with Kalair and National Flight Services Company I, ground handling services agreements with a number of entities including Saudi Ground Services Company, Royal Airport Services Company, Saudi Amad for Airport Services & Transport Support Company, Aviation Handling Services Company (Jordan) Limited, Fly Montenegro Ground Handling LLC, Air Algerie and Silk way Airlines Limited and other service providers; a codeshare agreement with Etihad Airways, interline agreements with Saudia, Turkish Airlines, Pakistan International Airlines, Emirates Airlines, Uzbekistan Airways and Ethiopian Airlines; the catering services agreement with Catrion Catering Holding Company; payment services agreements with PayPal PTE Ltd. and Nakhla Information Systems Technology Company (Tamara); travel agency agreements with a number of travel agencies; code-sharing agreements and connecting flight agreements with a number of airlines; labor service provision agreements with Future Vision and Future Harvest Contracting Establishment II; and travel solutions communications services agreement with SITA, in addition to a number of other agreements that allow their parties to terminate the agreement for legitimate reasons and/or as a result of the other party's breach, such as the aircraft purchase agreement with Airbus S.A.S; the landing services agreement with TP Aerospace Pro ApS; the aviation fuel supply agreements with Arab Petroleum Trading Company, Air Total S.A., Saudi Aircraft Services Company Limited, Indian Oil Company Limited and other companies; the aircraft maintenance agreement with Turkish Technic Company; the aircraft operation and management agreements with Kalair Limited and National Air Services Company; the ground handling services agreement with Aviation Ground Services Company (Jordan); the catering services agreement with Catrion Catering Holding Company; and the site incentive agreement with Vienna Airport Company (for further details regarding the Company's material agreements, please refer to Section 13.4 "**Material Agreements**" of this Prospectus). It is worth noting that the aviation fuel supply agreements entered by the Company with Arabian Petroleum Supply Company, United Fuel Company Limited, Air Total SA, Associated Energy Group, HIFA OIL doo Tešanj, Saudi Aircraft Services Limited, Modern Consortium for Refueling Aircraft, Indian Oil Corporation and other companies include provisions that allow suppliers to adjust and review prices for reasons including a review of fuel prices by Saudi Aramco, the aircraft kerosene reference index, other fuel market indicators, or agreed-upon pricing provisions. In general, these include pricing mechanisms based on the base fuel price, supplier margins, and relevant fees and taxes, in addition to the possibility of price reviews due to pricing changes or restrictions approved by regulatory authorities and changes in the location of fuel supply and delivery (for further details, please refer to Section 13.4.4 "**Aviation Fuel Supply Agreements**" of this Prospectus).

On the other hand, some of the material agreements entered by the Company stipulate that the Company shall not obtain similar services from parties other than those contracted with, failing which the Company will have to pay compensation to such parties, such as the maintenance agreement entered into with Safran Landing Systems. Therefore, if the Company violates the provisions of these agreements, it may be forced to pay compensation amounts to the contracting parties. Meanwhile, some of the material agreements contain unfavorable contractual terms, including that the relevant agreement is subject to foreign laws or courts, as is the case, for example, with the Aircraft Purchase Agreement with Airbus, which is subject to the laws of England and grants exclusive jurisdiction to the courts in England. This may pose challenges for the Company in the event of a dispute, given the difficulty of and constraint on moving between domestic and foreign laws, in addition to costs and time. Certain agreements include the other party's right to assign responsibilities to another party without the need to obtain prior approval from the Company, as is the case, for example, with the aviation fuel supply agreement entered into with Air Total SA and the aviation fuel supply agreement entered into with another service provider. The party to which the responsibility for implementing the contract is assigned may not meet the same standards of quality and reliability as the contracting party, and this may lead to increased costs and reduced quality of service, as well as operational disruptions. In addition, exclusive service agreements, such as the service agreement entered with CFM International, may result in significant reliance on a single provider, which may result in impacts on the Company as a result of any operational, administrative, or financial problems with the exclusive provider (for further details, please refer to Section 2.1.22 "**Risks Related to the Company's Reliance on the Performance of A320 Aircraft and Aircraft Engines, including the Failure or Non-Performance of Airbus or CFM International**" of this Prospectus). The occurrence of any of the above risks may affect the Company's ability to operate its business segments or its revenues and profitability, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.59 Risks Related to Compliance with the Companies Law and the Corporate Governance Regulations

The Company is subject to the provisions of the Companies Law in terms of its management and conduct of its various operations and activities. After listing, the Company will also be subject to the Corporate Governance Regulations. The Companies Law and the Corporate Governance Regulations impose various corporate governance requirements with which the Company must comply. The Company will have to take some measures to effectively comply with such requirements, such as adoption of an internal corporate governance policy, committee policies and corporate governance policies in relation to matters relating to nomination, remuneration, dividend distribution, conflict of interest and professional conduct, in addition to preparation of an annual Board report covering the Board's operations during the preceding financial year and all factors affecting the Company's business. The Companies Law and the Corporate Governance Regulations also impose strict penalties for the violation of their mandatory provisions and rules. Therefore, the Company may be subject to such penalties, including financial fines and/or imprisonment. For example, the Companies Law stipulates that every Director, official, Board member, auditor or liquidator who intentionally provides misleading information or data in the company's financial statements shall be punished with imprisonment of no more than three years and a fine of no more than SAR 5 million. It should be noted that the Companies Law was issued pursuant to Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), and subsequently came into force on 26/06/1444H (corresponding to 19/01/2023G). The Company has not fully assessed the impact of the new Companies Law and its Implementing Regulations on its operations and may incur additional costs to take the necessary measures to ensure compliance therewith.

It is worth noting that a number of officials with the power to agree to requests for utilization of the bank facilities issued in favor of the Company in connection with two financing agreements, not exceeding a maximum of SAR 100,000 and SAR 20.0 million, respectively, have left the Company, and the process of updating the banking entities in this regard have not yet been completed. It is also worth noting that the Company is working to adopt appropriate policies for the Internal Audit Department, however it has not been able to complete the required procedures as of the date of this Prospectus. The Company does not have a risk management department or a risk committee in accordance with the guidelines of the Corporate Governance Regulations. There is no evidence that the Company's internal policies are sufficient or that it is able to keep pace with regulatory developments in this regard. In the event that the Company does not comply with any of the said provisions and rules or any of the relevant amendments in the future, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.60 Risks Related to Newly Formed Board Committees and the Effectiveness of Governance

The Company has an Audit Committee comprising five members whose appointment was recommended pursuant to the Board of Directors' resolution dated 25/12/1445H (corresponding to 26/06/2024G) and approved pursuant to the General Assembly's resolution dated 30/03/1446H (corresponding to 03/10/2024G). Moreover, the Company formed the Nomination and Remuneration Committee pursuant to the Board of Directors' resolution dated 25/12/1445H (corresponding to 26/06/2024G) (for further details regarding the committees emanating from the Company's Board of Directors, please see Section 5.4 "**Board Committees**" of this Prospectus). Any failure by members of such committees to perform their duties and adopt a framework that ensures protection of the Company's interests and those of its Shareholders may affect the Company's compliance with corporate governance and continuing disclosure requirements and the Board's ability to monitor the Company's activities through such committees, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Additionally, the inability of the members of the Company's committees, including the independent members, to carry out the duties assigned to them and adopt a work methodology that ensures the protection of the interests of the Company and its Shareholders may affect the ability of the Company's Board to effectively monitor its business through these committees. This may lead to the Company's inability to comply with the continuous disclosure requirements following listing on the one hand, and may expose the Company to operational, management and financial risks on the other hand. Consequently, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Company adopted its internal Corporate Governance Manual pursuant to the Extraordinary General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G). The internal Corporate Governance Manual sets out the provisions of the Audit Committee and the Nomination and Remuneration Committee charters (for further details regarding the Corporate Governance Manual, please see Section 5.10 "**Conflicts of Interest and Competition**" of this Prospectus). The Corporate Governance Manual includes provisions derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing the Corporate Governance Regulations and procedures depends on the extent of its comprehension and understanding of these provisions and the proper execution thereof by the Board, its committees and Senior Executives, especially with regards to Board independence requirements, conflict of interest procedures and disclosure requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by the CMA may lead to the imposition of regulatory penalties on the Company, which may have a material adverse effect on the Company's business, results of operations, financial position and prospects. If the Company does not comply with such provisions and rules, it may be subject to penalties and fines, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Directors are bound by duties of care and loyalty towards the Company and its Shareholders to act in their interests. These duties require the Directors to take reasonable care and act in the best interests of the Company and not their own interests or the interests of other stakeholders, including instances where a Director may have a conflict of interest by virtue of a Related Party transaction or engagement in competing business (for further information, please refer to Section 5.7 "**Direct and Indirect Interests of the Directors and Executive Management**" and Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus). In the event that the Directors fail to adhere to their duties of care and loyalty, they may incur liability for their actions and/or negligence before the Company, in addition to any claims related thereto. Any of these events, in general, will result in the resignation or dismissal of the concerned Director and the vacancy of a seat on the Board of Directors, which may limit the Board's ability to deliberate on matters and make decisions effectively or in general and divert the Company's attention and resources to finding and appointing a qualified candidate, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.61 Risks Related to Lack of Experience in Managing a Joint-Stock Company Listed on the Exchange

Since its incorporation in 2010G, the Company conducted its activities as a limited liability company until it was converted into a closed joint stock company in 2017G. Most of the Company's Senior Executives have limited or no experience managing joint stock companies listed on the Saudi Stock Exchange (Tadawul) in the Kingdom and complying with the laws and regulations pertaining to such companies, including the Companies Law, the Implementing Regulations issued pursuant to the Companies Law relating to listed joint stock companies, and the Corporate Governance Regulations. Accordingly, the internal or external training that the Company's Senior Executives will receive in managing joint stock companies listed on the Exchange, coupled with the obligations imposed on such companies, including regulatory oversight and reporting obligations, will require substantial attention from Senior Executives, which may divert their attention away from the day-to-day management of the Company. If the Company does not comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, it will be exposed to regulatory sanctions and fines.

As a listed company, the Company may also incur significant legal, accounting and other expenses that it would not have incurred as a non-listed company, including costs associated with listed company disclosure requirements and continuing obligations with other rules and regulations. These laws and regulations could make it more costly for the Company to obtain certain types of insurance, including director and senior executive liability insurance, and the Company may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. If the Company is unable to satisfy its obligations as a listed company, it may be subject to fines, penalties and other regulatory action and litigation, and its shares could be delisted from the Exchange. The imposition of fines, sanctions or other regulatory actions on the Company could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.62 Risks Related to Projections and Underlying Forward-Looking Statements

This Prospectus contains certain forward-looking statements and information relating to the Company that are based on expectations, estimates, projections and information currently available to the Company. These statements include, but are not limited to, statements about the Company's strategies, plans, objectives, expectations, intentions, expenditures and assumptions.

These statements reflect the current views of the Company's management with respect to future events. They do not constitute an assurance of future performance, and involve certain risks and uncertainties that are difficult to predict. In addition, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

Many factors could cause the Company's projections to materially differ from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, among others, the following:

- changes in the general political, economic and business conditions in the countries or regions in which the Company operates;
- changes in the laws or policies of governments or other governmental or quasi-governmental activities in the countries in which the Company operates;
- the prevalence of a competitive pricing environment and the introduction of competing services by other companies;
- changes in the demand for, supply of, and market prices of, crude oil and other petrochemicals, including changes in the production quotas in OPEC countries;
- changes in currency exchange rates, interest rates and inflation rates; and
- changes in the business strategy and various other factors.

A number of these factors are economic in nature and are, therefore, beyond the control of the Company's management. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended, planned or projected, all of which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2 Risks Related to the Market, Industry and Regulatory Environment

2.2.1 Risks Related to Compliance with Applicable Regulations and Changes in the Regulatory Environment

The Company's business is subject to several laws and regulations in force in the countries in which it operates. For example, the Company is subject in the Kingdom to the Civil Aviation Law and its Implementing Regulations (for further information regarding the laws and regulations of the aviation sector to which the Company is subject, please see Section 12 "**Regulation of the Aviation Sector**" of this Prospectus), the Competition Law, the Value Added Tax Law, the Companies Law, the Customs Law, the Labor Law, municipal regulations, the Personal Data Protection Law, and other laws and regulations imposed by regulatory authorities, including the General Authority of Civil Aviation, the Ministry of Hajj and Umrah, the Ministry of Tourism, and the Ministry of Municipalities and Housing. The Company's business depends on its ability to comply with the requirements of such laws in managing its operations. It is worth noting that the employment contract of one of the Company's Senior Executives does not include provisions related to termination in a manner that complies with the requirements of the Labor Law and the template provided by MHRSD's Qiwa platform. Failure of the Company now or in the future to comply with all the requirements and provisions of the laws applicable to the Company or to which it is subject may cause the Company to modify its business practices to comply with these requirements and, accordingly, incur additional costs and fees or even cause the Company to incur fines or penalties. The occurrence of any of the above would result in incurring unexpected or additional expenses, which may be high, and could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Furthermore, the aviation industry is subject to extensive regulations and controls by various regulatory authorities in the countries and regions in which the Company operates, including the United Kingdom, the United Arab Emirates, the Arab Republic of Egypt, Turkey, the Indian subcontinent and the European Union. This includes regulations governing safety and security standards, licensing of facilities and services, the suitability and quality of equipment, maintenance, devices and services, the qualifications of airline pilots and employees, confidentiality and data protection, security operations, the handling and storage of certain chemicals and the disposal of waste, in addition to regulatory compliance standards (for further information regarding the regulatory environment of the aviation sector, please refer to Section 12 "**Regulation of the Aviation Sector**" of this Prospectus). Therefore, such regulations and controls have a significant influence on the way the Company carries out its activities. Moreover, legal requirements are frequently subject to change and may need to be interpreted. New laws and regulations or lack of understanding by the Company of existing laws and regulations may materially affect the Company's business and operations or increase its administrative, legal and operational expenditure, forcing it to alter its commercial practices, legal organization, ownership structure and corporate governance or, more generally, reduce or limit its revenue in the future. The Company may be subject to fines, penalties and/or suspension of its operations if it does not comply with those laws and regulations or if it does not comply with the permitting, licensing or accreditation requirements, which may change from time to time. Therefore, the Company may be unable to pursue activities or market its services in such countries; it may face increased costs or harm to its reputation; it could be delayed or prevented from meeting customer demand, operating new routes, or implementing its growth plan; and more generally, it may lead to the Company losing its competitive position and/or to a decreased demand for the Company's services, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Additionally, restrictions at airports and within certain airspaces due to safety concerns, security issues, political disputes, or environmental considerations, can significantly impact airline operations. For example, noise abatement procedures may limit the hours of operation at certain airports, while geopolitical tensions can result in the closure of airspaces or the imposition of sanctions that restrict access to certain routes. This, as a result, may require airlines, including the Company, to change its flight routes, and adopt different and generally longer routes which require additional flight time, fuel and longer crew service, all of which would lead to an increase in the Company's costs, and decrease in its profitability. Non-compliance with aviation laws and regulations can have severe consequences, including fines, legal action, suspension of services or revocation of licenses and damage to the airline's reputation. It can also lead to a loss of customer confidence and negatively impact partnerships with other airlines and service providers.

The Company may pursue its business in facilities, regions or countries where anti-corruption laws are not applied as required or in accordance with the Company's policies. It is worth noting that the laws and regulations in a number of these regions and countries may require the implementation of internal controls, procedures and systems to ensure compliance with the relevant laws. In spite of the Company's efforts exerted to combat corruption, adhere to the relevant laws, and adopt internal policies, there is no absolute guarantee of the adequacy and effectiveness of such policies. The Company's employees may also be subjected to pressure to make payments, grant benefits, or perform any actions that violate anti-corruption laws and the Company's policies, which may result in the Company's employees committing errors or violating actions that may result in the liability for the Company. In addition, the competent authorities may impose penalties and fines on the Company, which may lead to restrictions on the Company's business and financial obligations and/or harm its reputation.

Regulatory changes in general, and changes affecting the airline industry in particular, could have an adverse impact on the Company's costs, flexibility, marketing strategy, business model and ability to expand. It may not be feasible to pass regulatory and compliance costs on to the Company's customers and regulatory charges may affect how the Company markets or operates its services. Regulatory authorities may, for example, impose operating restrictions at airports served by the Company, such as restrictions relevant to the availability of slots, landing and take-off curfews, restrictions relevant to noise reduction, mandatory flight paths, runway restrictions, limits on the average number of daily departures and restrictions on maximum total duty time for crew members. Failure to comply with such laws and regulations may result in administrative, civil and criminal penalties or the suspension or termination of the Company's operations, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.2 Risks Related to Environmental Laws and Regulations, including Restrictions in Relation to Noise Pollution and Greenhouse Gas Emissions

The airline industry, in which the Company operates, is highly regulated and this regulatory environment is subject to change. The Company's business and activities are subject to a wide range of environmental laws and regulations that govern various aspects of its operations, including but not limited to noise pollution and greenhouse gas ("**GHG**") emissions. The aviation sector is under increasing scrutiny due to its environmental effects, and there is a growing trend for regulatory authorities to implement stricter environmental standards (for further information regarding the regulatory environment of the aviation sector, please refer to Section 12 "**Regulation of the Aviation Sector**" of this Prospectus).

Changes to laws and regulations regarding noise pollution may impose significant operational constraints on airlines, including the Company. Stricter noise regulations at airports, particularly in nearby urban areas, may lead to limitations on flight operations, such as curfews or bans on certain aircraft types that do not meet the required noise standards. Compliance with these regulations may necessitate fleet modifications, operational changes, or even reductions in service frequency, all of which could have adverse financial implications for the Company.

Similarly, the regulatory landscape concerning GHG emissions is evolving rapidly, with increasing pressure to reduce the carbon footprint of aviation activities. New regulations may require the Company to invest in more fuel-efficient aircraft, adopt sustainable aviation fuels, or participate in carbon offsetting or emissions trading schemes. These requirements could lead to significant capital expenditures and increased operational costs. The potential introduction of taxes or fees related to carbon emissions could also directly impact the cost structure of the Company. While such measures aim to incentivize the reduction of emissions, they could simultaneously increase the cost of air travel, potentially affecting demand.

Therefore, any changes in applicable regulations relating to environmental laws and regulations, including restrictions relating to noise pollution and greenhouse gas emissions, may require the Company to implement costly adjustments to its aircraft and/or operations, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.3 Risks Related to Compliance with Data Protection and Cybersecurity Requirements

The Company's operations involve the collection and processing of personal and other data of its existing and potential users, including customers and partners, as well as employees and other individuals. Therefore, local laws and regulations in this regard, including data protection, data localization and cybersecurity requirements in the Kingdom, and other countries and jurisdictions where the Company currently operates, including the UAE, Egypt, Turkey, the European Union, and may operate in the future, must be observed and adhered to. In particular, the Company is subject to the Personal Data Protection Law in the Kingdom issued by Royal Decree No. M/19, dated 09/02/1443H (corresponding to 16/09/2021G), as amended on 29/08/1444H (corresponding to 21/03/2023G), which entered into force on 29/02/1445H (corresponding to 14/09/2023G). The Personal Data Protection Law applies to any processing of personal data of citizens and residents in the Kingdom by all means. It also includes a number of requirements for the protection of the rights of data subjects to be applied by the Company. The Personal Data Protection Law includes a transitional correction period extending to 10/03/1446H (corresponding to 13/09/2024G) to allow entities subject to its provisions to comply and adjust in accordance with the regulatory requirements imposed. Compliance with and assessment of the impact of the Personal Data Protection Law remains a continuous process, in which the Company has not assessed the full impact of the enforcement and amendment of the Personal Data Protection Law on its operations and the sufficiency of steps taken in this regard. Should enforcement and amendment of the Personal Data Protection Law and its implementing regulations have a significant impact on the Company or the steps taken to comply with relevant requirements are deemed insufficient, in the sense that it may require the Company to make changes to its operations to comply with the statutory requirements or incur additional costs for the purpose of completing the procedures required to ensure its compliance with the law, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Globally, new and evolving regulations regarding data protection, cybersecurity and other standards governing the collection, processing, storage, transfer, export, disclosure and use of personal data impose additional burdens on the Company due to increasing compliance standards that could restrict the use of the Company's services on its website and smartphone application and its services provided to customers. Future laws, regulations, standards and other obligations, as well as changes in the interpretation of existing laws, regulations, standards and other obligations may require the Company to incur additional costs and restrict its business operations. If the Company is unable to comply with the applicable data privacy laws and regulations and cyber security controls and standards, the Company's ability to successfully operate its business and pursue its business goals could be damaged. Furthermore, the Company's failure to comply with applicable laws and regulations or its inability to protect such data could result in enforcement action against the Company, including fines, penalties, and claims for damages by customers and other affected parties and damage the Company's reputation, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The costs of compliance and other burdens and restrictions imposed by laws, regulations and standards may limit the use and adoption of the Company's services under its website, smartphone application and services, or lead to substantial fines, penalties or liabilities for any noncompliance, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.4 Risks Related to Factors Beyond the Company's Control, including Political and Economic Uncertainty, Government Travel Policies and Air Traffic and Landing Rights

The airline industry tends to experience adverse financial results during off-peak seasons, general economic downturns or periods of international and political instability. For instance, the global credit crisis and economic recession had a far-reaching impact on the airline industry, with airlines undergoing a period of major financial difficulty, particularly in the second half of 2008G and during 2009G. Furthermore, in 2015G and 2016G there was a decline in oil prices and although the Kingdom has taken steps to support the oil price, such as implementing capacity cuts, low oil prices are likely to result in lower levels of economic growth than have been seen historically. In addition, the COVID-19 pandemic and the aftermath of the pandemic also had a major impact on the demand for passenger services. As a substantial portion of airline travel is a discretionary consumer expense, changes in economic conditions can reduce passenger traffic and, consequently, have a substantial adverse effect on the airline industry generally. During downturns, the Company may be required to take delivery of new aircraft it has agreed to purchase or lease whether or not it requires the additional capacity provided by such aircraft, or may be unable to dispose of unnecessary aircraft (whether leased or owned) on financially acceptable terms. This, in turn, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Economic instability and adversity in some markets may also lead certain of the Company's competitors to shift their capacity to markets and routes served by the Company, thereby increasing competition in these markets. Any of the foregoing events could cause a reduction in the demand for the Company's services and create pressure on the Company to lower its fares, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

In addition, certain government travel policies or events in the Kingdom may have a direct impact on the volume of air traffic in the Kingdom's international and domestic airports. For example, in 2013G, the Government of the Kingdom announced that it was reducing the number of entry visas to be issued during the Hajj season by 20% from each country quota due to expansion works on the Holy Mosque in Mecca, which led to a significant reduction in the number of flights arriving in the Kingdom. This led to a similar reduction in the Company's revenue. If similar policy changes are implemented in the Kingdom, these may negatively impact the volume of aircraft movement in the Kingdom's international and domestic airports, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Furthermore, although the Company believes it has acquired all necessary air traffic and landing approvals for the destinations to which it flies, these approvals are granted at the discretion of the host government, and the Company has no contractual rights in respect thereof. These approvals may be revoked at any time at the discretion of the relevant authority, most likely in times of war or political crises, in which case this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.5 Risks Related to Reorganization of the Aviation Sector and Privatization of Airports in the Kingdom

The Company currently operates out of its four bases in the Kingdom, namely KKIA in Riyadh, KAIA in Jeddah, KFIA in Dammam and PMIA in Madinah. In addition, the Company operates flights to 15 domestic airports within the Kingdom. As part of the initiatives of Vision 2030, GACA is planning to privatize all of the Kingdom's airports, alongside KKIA in Riyadh and KFIA in Dammam and KAIA in Jeddah, which currently operate under private entities to bolster their performance, namely, Riyadh Airports Company, Dammam Airports Company and Jeddah Airports Company, respectively. The privatization program may entail reorganization of operations in the aviation sector, including the introduction of new fees or levies, the increase of their rental prices or modification to their existing service levels. While 3 of the 4 of the Company's operations bases in the Kingdom have been privatized as of the date of this Prospectus, the Company has not fully assessed the impact of the reorganization and privatization of the Kingdom's airports on its operations, costs and profitability, and privatization programs may lead to GACA's approval of additional fees and costs imposed by the relevant airports and service provided. For example, during 2023G, an airport company issued rent invoices for shared spaces during 2023G unexpectedly without prior contracts, amounting to SAR 38.9 million retroactively for several years since 2017G. The Company rejected these invoices and submitted a request for consideration by the administrative court The competent court has issued an initial verdict in favor of the Company, ruling to cancel the related invoices and claims. (for further information, please refer to Section 2.1.56 "**Risks Related to Claims and Litigation**" and Section 13.10 "**Claims and Litigation**" of this Prospectus). The Company set aside provisions amounting to SAR 71.1 million in the nine-month period ended 30 September 2024G. There is no guarantee that the final decision issued by the competent court will be in favor of the Company or will affirm the initial verdict. Further, the Company may not be able to effectively reflect any such additional costs in customer pricing – in light of its pricing strategy and customer sensitivity to pricing, which will result in additional pressure on the Company's revenue and profit margins, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.6 Risks Related to the General Economic Conditions and the Economies of the Countries in which the Company Operates or May Conduct its Activities

The Company's operations are primarily located in the Kingdom, with its routes serving destinations in the Middle East, North Africa, Europe, Central Asia and the Indian subcontinent, with the local market, the Egyptian market, the UAE market, other Middle Eastern countries and the rest of the world accounting for 52%, 13%, 10%, 13% and 11% of its total passengers in 2023G, respectively, and, therefore, its performance, results of operations and growth prospects would be affected by the general economic condition in the Kingdom and the countries in which the Company operates, as well as economic conditions regionally and globally, which in turn affect the economy of the Kingdom and other countries. Furthermore, negative developments in international relations, or the economic and political conditions arising in other countries, whether hosting the Company's flights or otherwise, may negatively affect the Kingdom's economy, foreign direct investment therein or financial markets in the Kingdom in general. As result, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The Kingdom's economy is highly dependent on revenue from oil, which plays a significant role in the Kingdom's economic plan and gross domestic product. Any decrease in oil prices may result in an economic slowdown and/or slowdown in the government's spending plans, which could affect all segments of the Kingdom's economy and could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.7 Risks Related to Competition

The Company operates in a highly competitive environment with other airlines including low-cost carriers, state-owned or state-controlled airlines, international carriers, other established commercial and charter airlines, travel conglomerates with integrated airlines and new market entrants, all of which compete throughout their route networks. The Company operates in two distinct markets, the domestic and the international markets, that are highly competitive. The market situation is also subject to continuous changes as a result of new airlines entering the market, expansion of operations of existing airlines, new routes and destinations of existing airlines, promotional campaigns of existing airlines, formation of marketing or operational alliances between airlines and consolidation of the airline industry. As the growth in the low-cost airline sector evolves, the Company may face increased competition from existing and potential low-cost, low-fare operators. The intensity of competition varies from route to route, depending in particular on the number and nature of the market participants. The primary competitive factors in the airline industry include prices, route network, flight schedule, reputation, safety record, range and quality of services provided and type of aircraft as well as its estimated lifespan.

In addition, the Company's existing competitors and new competitors in the market, including, for example, Riyadh Air, may enter into partnerships and alliances to operate jointly or share their facilities and infrastructure, with a view to reducing costs or otherwise strengthening their market position. Any consolidation or significant alliance activity within the airline industry in the Kingdom or the Company's targeted geographic markets could increase the size and resources of the Company's competitors, strengthen their market position or reduce their cost base, and further increase competition. Some of these airlines may be larger and have significantly greater financial resources, bargaining power or reputation or lower operating costs than the Company does.

The Company's international flights are operated from the Company's four main bases. There is a higher level of competition in the international market as non-Saudi carriers are not excluded from the market. In order to gain market share, such carriers may attempt to undercut the Company's prices which may negatively impact the Company's pricing strategy and profitability of operating such routes. In addition, international flights are generally subject to bilateral agreements which regulate the air-traffic between countries. Since the ultimate authority on bilateral agreements remains with the related civil aviation authorities, the Company might experience unfavorable bilateral agreements, which may negatively influence its competitive advantage and operating results. Further, the civil aviation regulatory authorities may allow for one of the Saudi airports to offer open skies, as is the case with KFIA in Dammam, which allows unlimited traffic rights for all airlines in order to increase passenger traffic. However, open skies agreements may hinder the Company's ability to operate flights to certain countries if the airline making use of the open skies dominates the route through multiple daily frequencies.

Certain of the Company's competitors are also state-owned or state-controlled flag carriers and may receive subsidies and other state aid or benefits from their respective governments. Furthermore, with respect to the domestic market for the years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, the domestic market represented 57.4%, 42.6%, 39.1%, 38.0% and 38.9% respectively, of the Company's total revenue. This market is currently closed to non-Saudi airlines, and there is no guarantee that the relevant regulations and directives will not be changed and this market will not be opened to such companies in the future. In the same context, the Company is now facing increasing competition in the domestic market from new traditional and low-cost carriers such as Flyadeal – wholly owned by Saudia Airlines, in addition to Riyadh Air, which is expected to commence operations in 2025G, which may negatively impact the Company's market share. Furthermore, the Company may also face competition in the domestic market from other means of transportation, primarily ground transportation, including trains and shuttle buses, which is likely to attract travelers who would otherwise consider air travel considering the potential reduction in travel time when compared to travel by train or automobile for long-distance travel, including, for example, the Jeddah-Medina or Riyadh-Qassim routes.

The Company's competitors may seek to protect or gain market share through promotional campaigns, fare-matching or price-discounting, by offering more attractive flight schedules or services, introducing new routes, or placing purchase orders for new aircraft and using excess capacity in its operations in the markets and routes already served by the Company or which the Company is considering serving. Some competitors may also be able to offer lower fares than the Company as a consequence of, for example, having lower fixed and variable costs. The Company may be vulnerable to price-discounting by competitors because air travel, and tourist travel in particular, is very price sensitive and the Company is generally required to respond to competitors' fares in order to maintain or grow its passenger traffic levels through price leadership. If the Company's competitors engage in price-cutting or make other changes in their services in an attempt to increase their market shares and the Company is not able to respond effectively to maintain its market share, its passenger revenue could decline, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.8 Risks Related to Political Instability, Impact of Geopolitical Conflict, Security Concerns and Terrorist Attacks in the Countries in which the Company Operates or May Conduct its Activities

The Company's primary operations are based in the Kingdom, with flight operations conducted from and to its destinations in the wider Middle East, North Africa, Europe, Central Asia and the Indian subcontinent. Such regions are subject to a number of geopolitical and security risks. Any geopolitical events or any future developments in the geopolitical situation may contribute to instability to such areas and their surrounding regions - that may or may not directly involve the countries in which the Company operates, which makes the Company's investments and operations therein characterized by a significant degree of instability. Thus, any unexpected changes in the political, social or other conditions in such countries, or any terrorist attacks or acts of sabotage in the future targeting any of the countries in which the Company operates or any other countries that the Company may wish to expand to, may have a material adverse effect on the markets in which the Company operates, its ability to retain and attract customers and investments that the Company has made or may make in the future, which, in turn, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Unexpected changes in the political, social, or other conditions in such regions, or any terrorist attacks or acts of sabotage targeting any of the countries where the Company operates – or any other countries that the Company may wish to expand to in the future – could materially affect the markets in which the Company operates. Such events could impact the Company's ability to retain and attract customers, as well as affect the investments that the Company has made or may make in the future. For example, the Company was unable to collect due funds amounting to SAR 5.1 million due to the Syrian crisis in 2011G. Meanwhile, it was unable to meet and settle obligations amounting to SAR 6.3 million for the same reason. The Company was also unable to collect due funds amounting to SAR 114,000 and pay obligations amounting to SAR 52,000 due to the Russian-Ukrainian crisis in 2022G. The impact of these due funds has been included in the Company's financial statements, provided that they will be settled if the Company is able to do so depending on the conditions in the relevant countries. However, there is no assurance that the Company will be able to settle the aforementioned dues in the short to medium term or at all.

The civil aviation industry is particularly sensitive to geopolitical tensions and conflicts, which can lead to airspace closures, route alterations, and fluctuations in fuel prices, all of which can significantly disrupt airline operations and increase costs. Additionally, heightened security risks can lead to more stringent security measures, which can result in increased operational expenses and potential delays or cancellations of flights.

Therefore, any adverse geopolitical developments could have a material adverse effect on the Company's business, results of operations, financial position and prospects. The Company must continuously monitor these risks and be prepared to implement contingency plans to mitigate the impact of such events on its operations. However, there is no guarantee that such measures will be sufficient to protect the Company from the effects of geopolitical and security risks.

2.2.9 Risks Related to the Outbreak of Infectious Diseases

An outbreak of any contagious disease in the Kingdom or elsewhere, or any other serious public health concern, may have a material adverse effect on economies, financial markets and commercial activities around the world, including the Company's business operations. For example, the COVID-19 global pandemic caused by the SARS-CoV-2 novel strain of coronavirus, as declared by the World Health Organization, led to certain preventive measures by governments, companies and individuals that led to worldwide business disruptions. The COVID-19 pandemic has adversely affected global economies, financial markets, global demand for oil, oil prices, and the overall environment in which the Company operates due to strict precautionary measures and limits on travel and public transport, requirements for people to remain at home and practice social distancing, and prolonged closures of workplaces and economic activities, which have severely harmed the Kingdom's economy and economies of countries in which the Company operates. Moreover, the re-introduction of preventative measures or the introduction of additional measures due to the outbreak of infectious diseases, whether COVID-19 or otherwise, may result in a prolonged or further decline in oil prices or a prolonged adverse effect on the Kingdom's economy or economies of countries in which the Company operates, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The imposition of travel restrictions during the COVID-19 pandemic, including the suspension of flights, border closures, and quarantine mandates, had a direct and immediate impact on the aviation industry and the Company's operations in particular. The Company experienced a significant decrease in passenger traffic and was forced to suspend a large number of flights and temporarily suspend certain routes, leading to a decline in the Company's revenue from SAR 3,238.4 million in the financial year ended 31 December 2019G to SAR 1,520.4 million in the financial year ended 31 December 2020G, which represented a decline of 53.2% between the two financial years. The Company's net profit margins amounted to 0.7% in the financial year ended 31 December 2021G as a result of the COVID-19 pandemic, compared to 3.6%, 6.3%, 6.7% and 8.4% in the financial years ended 31 December 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The Company's average daily block hours were 9.9 flying hours per aircraft in the financial year ended 31 December 2021G as a result of the COVID-19 pandemic, compared to 12.0 flying hours per aircraft, 11.9 flying hours, 11.9 flying hours, and 12.0 flying hours per aircraft in the financial years ended 31 December 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively. The uncertainty surrounding the duration and extent of travel restrictions further complicated planning and operational adjustments. Even as restrictions have eased, the potential for new COVID-19 variants or similar viruses to emerge and the re-imposition of travel restrictions continue to pose a risk to the aviation industry and the Company's operations and profitability. The long-term impact of the pandemic on customer travel habits and preferences remains uncertain, which, in addition to the risk of the reemergence of new variants or any new viruses, could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.10 Risks Related to Compliance with Saudization Requirements

Compliance with the Saudization requirements is required by law in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are subject to these requirements. Such percentage varies based on the activity of each entity as set out under the "Nitaqat" program. In addition, the Company is required to observe set Saudization percentages for certain licensed professions in the aviation sector in accordance with Ministerial Resolution number 208818, dated 23/11/1443H (corresponding to 22/06/2022G), and the Procedural Guide on the Decision to Localize Licensed Aviation Professions issued by the Ministry of Human Resources and Social Development ("**MHRSD**") to increase the Saudization rates in the following licensed professions: (a) air traffic controller at 100% Saudization rate, (b) air navigator at 100% Saudization rate, (c) ground controller at 100% Saudization rate, (d) co-pilot at 100% Saudization rate, (e) flight attendant at 60% Saudization rate, and (g) fixed-wing pilot at 70% Saudization rate. The Company is currently compliant with the Saudization requirements as of the date of this Prospectus and is classified under the "medium-green" category according to the "Nitaqat" program (for further information regarding the Company's Saudization percentages, please refer to Section 4.15 "**Employees**" of this Prospectus). However, the Company may not be able to continue to comply with the Saudization and "Nitaqat" program requirements, which will expose the Company to penalties by the relevant government authorities, which include suspension of work visa applications, suspension of sponsorship transfer applications for non-Saudi employees, and exclusion from government tenders and loans. The Company may not be able to appoint Saudi employees under favorable conditions or at all, or maintain its current Saudi employees, which in turn would affect its ability to meet the required Saudization percentage. There may be a significant increase in the cost of salaries in the event that the Company hires a larger number of Saudi employees. The occurrence of any of the above could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.11 Risks Related to Adverse Changes in Exchange Rates

The Company is exposed to foreign exchange risks since it engages in operational transactions that are not denominated in Saudi Riyals, including aircraft purchases and international operations across various countries. The Company's expenditures and transactions not denominated in Saudi Riyals amounted to SAR 1,267.4 million, SAR 2,033.5 million, SAR 2,769.1 million, SAR 2,144.0 million and SAR 2,317.5 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 44.9%, 43.3%, 43.8%, 47.0% and 43.1% of the Company's expenditures for the same periods, respectively. As part of its global operations, the Company conducts transactions in multiple currencies, which exposes the Company to currency volatility and foreign exchange rate risks. Specifically, transactions related to the Company's operations in Egypt and Turkey are denominated in the Egyptian Pound and Turkish Lira, respectively, currencies that have historically and continue to experience volatility.

As of the date of this Prospectus, the Saudi Riyal is pegged to the US dollar at a fixed exchange rate under the Kingdom's monetary policy. However, the Kingdom may, in the future, cancel or amend the peg policy, which may cause the value of the Company's assets and liabilities denominated in US dollars to fluctuate. Any measures adopted by the Company to hedge against foreign exchange fluctuations may not be sufficient to manage all its risks, and fluctuations in foreign exchange rates and interest rates could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The effect of foreign exchange rate fluctuations may unfavorably impact the Company's future operating results. For instance, a devaluation of the Egyptian Pound or Turkish Lira against the Saudi Riyal or other major currencies could increase the cost of local operations, while revenue repatriated to the Company's headquarters may be reduced when converted back to the home currency.

Such currency risks are inherent in the civil aviation industry, particularly for airlines like the Company that have a footprint in multiple countries with varying degrees of economic stability. The Company must manage these risks through financial instruments such as hedging, or by adjusting its operational strategies to mitigate the impact of currency volatility. In any case, any such volatility in the currencies which the Company may use in its purchases or operation could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.12 Risks Related to the Competition Law

If the Company occupies a dominant position in the market or is so classified by the General Authority for Competition, the Company's operational activities will be subject to the terms and conditions stipulated in the Competition Law and its Implementing Regulations, which aim to protect legitimate competition in Saudi markets, establish and strengthen market rules and free and transparent pricing. In addition, the Company must obtain the approval of the General Authority for Competition in case of involvement in any future economic concentration process, such as any acquisition or merger, that results in economic concentration.

If the Company violates the provisions of the Competition Law, or if the General Authority for Competition issues any decision against it due to a violation, the Company may be subject to fines of up to 10% of its annual sales or up to SAR 10 million in case it is impossible to estimate the Company's sales, or it may be subject to further measures that the General Authority for Competition may impose in relation to any violation, such as adjusting its status, remedying the violation, or requiring it to dispose of some assets, shares or equity. The General Authority for Competition also has the right to request temporary or permanent suspension of the Company's business (either partially or fully) if the Company repeats such violation, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.13 Risks Related to the Application of VAT and Electronic Billing

The Kingdom issued the Value Added Tax Law, which came into effect on 14/04/1439H (corresponding to 01/01/2018G) and which imposes a value-added tax ("VAT") of 5% on a number of products and services, including the Company's services. On 17/09/1441H (corresponding to 10/05/2020G), and as a response to the economic impact of the COVID-19 pandemic, the Kingdom announced the increase of VAT to 15%, which became effective on 10/11/1441H (corresponding to 01/07/2020G). VAT is borne by the end customer, which has led to an increase in the price of the Company's tickets and ancillary services provided to customers. Such an increase or any future increase may affect customer spending, which could lead to a decrease in demand for the Company's passenger and ancillary services, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The E-Invoicing Regulation was approved by ZATCA on 19/02/1442H (corresponding to 04/12/2020G) and became effective from the date of approval, requiring establishments regulated by it to issue electronic invoices and notices in accordance with the regulatory requirements. Phase 2 entered into force on 08/06/1444H (corresponding to 01/01/2023G) and includes additional provisions related to the necessity of linking the systems of taxable entities with ZATCA's systems. In addition, given the relatively recent application of the Value Added Tax Law, the announced increase in the VAT rate and the E-Invoicing Regulation, it is possible that the Company could make mistakes in applying the above-mentioned provisions or any other VAT or e-invoicing-related provisions mentioned in the relevant laws. This may lead to penalties imposed by ZATCA in accordance with the Value Added Tax Law, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

In addition, given the relatively recent application of the Value Added Tax Law and the announced increase in the value added tax rate, it is possible that mistakes in its application could be made by the Company. This may lead to penalties imposed by ZATCA in accordance with the Value Added Tax Law, which could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.14 Risks Related to Changes in the Calculation Mechanism for Zakat and Income Tax

ZATCA has issued its circular number 6768/16/1438, dated 05/04/1438H (corresponding to 04/12/2016G), which requires Saudi companies listed on the Exchange to calculate income and Zakat on the basis of the nationality of the shareholders and the actual ownership between the Saudi and GCC citizens and others as stated in the Tadawulaty system at the end of the year. Prior to this circular, companies listed on the Exchange were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with their bylaws. The fact that shares were listed was not a consideration in determining the Zakat base. This circular was to be applied on the year ended 31 December 2016G and subsequent years. However, ZATCA issued letter number 12097/16/1438, dated 19/04/1438H (corresponding to 17/01/2017G), postponing the implementation of the circular for the financial year ended 31 December 2017G and subsequent years.

Under the Income Tax Law issued pursuant to Royal Decree No. M/1, dated 15/01/1425H (corresponding to 07/03/2004G), as amended, income tax shall apply to (1) a resident capital company with respect to shares owned either directly or indirectly by non-Saudi or non-GCC persons and persons operating in oil and hydrocarbon production, except for the following (in which case, the relevant resident company would be subject to Zakat): (2) shares owned in a resident capital company listed on the Exchange acquired for the purpose of speculation through trading in the Exchange; and (3) shares owned either directly or indirectly by persons working in the field of oil and hydrocarbons production in resident capital companies listed on the Exchange, and the shares owned either directly or indirectly by these companies in capital companies; (b) a resident non-Saudi natural person who carries out commercial activities in the Kingdom; (c) a non-resident person who carries out activities in the Kingdom through a permanent enterprise; (d) a non-resident person who has other income subject to tax from sources within the Kingdom without having a permanent enterprise; (e) a person engaged in natural gas investment fields; and (f) a person engaged in oil and other hydrocarbon production.

Changes made by ZATCA to the calculation mechanisms for both Zakat and income tax cannot be anticipated by the Company as of the date of this Prospectus. In case any future changes apply to the Company which incurs the Company additional costs, this could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.15 Risks Related to Weather Conditions, Floods, Earthquakes and Other Natural Disasters or Disruptive Acts

The occurrence of natural disasters or disruptive incidents beyond the Company's control may adversely affect the Company's facilities, employees, or assets. Any damages to the Company's infrastructure, such as relevant premises, compounds, airport terminals, maintenance hangars, or aircraft, as a result of floods, earthquakes, storms, heatwaves or other natural disasters, or as a result of disruptive incidents such as fires, power failures, water leakages, or terrorist attacks, could result in operational disruptions, loss of equipment, or physical damage to vital aviation hardware, software, systems and structures, or result in restricted or no access to workplace for extended periods of time. Furthermore, the Company's operations are also susceptible to disruptions caused by urban congestion and traffic in cities, due to road closures, dense traffic and car accidents, which could cause delays in crew commuting times to airports, particularly to the Company's operation bases in Riyadh, Jeddah, Medina and Dammam, which could consequently cause flight delays or cancellations. In the event of such disasters, disruptions or acts, the Company could experience a suspension of operations, which would likely lead to an increase in costs due to necessary repairs, replacements, and potential compensation to affected passengers. Additionally, there could be a decrease in revenue if flights are cancelled or delayed for an extended period, and the airline's reputation could suffer, potentially leading to a longer-term decline in customer bookings.

Furthermore, incidents or disruptive acts may cause damage to critical systems, such as air traffic control systems, navigation aids, or data storage centers, resulting in the loss of important data and the failure of systems essential to the safe and efficient operation of flights. The recovery from such events could be costly and time-consuming, and there may be a significant impact on the Company's service delivery and customer trust. While the Company may have insurance policies in place to mitigate some of the financial impacts of such events, not all losses may be fully covered by insurance. Additionally, the process of claiming insurance could be lengthy, and the compensation received may not fully offset the financial and operational damage incurred.

In addition, hijacking or other terrorist incidents are particularly impactful on the airline industry and the occurrence of such events anywhere in the world, or the threat of such incidents, can significantly harm public confidence in the airline industry, reduce passenger traffic or affect general political, economic or business conditions in ways that could result in reduced demand for airline transport services, increased costs or reduced passenger revenue. Additionally, the perception of an increased likelihood of terrorist attacks could have similar effects on the air travel industry. If an actual or perceived threat of terrorism were to continue for a prolonged period, it could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

Therefore, the Company must have robust disaster recovery and business continuity plans in place to respond effectively to such events. However, the unpredictable nature of natural disasters and disruptive acts means that there is an inherent risk to the airline's operations. The occurrence of any such circumstances could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.16 Risks Related to Exposure to Catastrophic Loss

Any accident or incident involving an airline, including those resulting from technical failure, negligence, violations, terrorism or force majeure, may create a public perception that the airline's aircraft are unsafe or unfit to fly, particularly LCCs like the Company, even if fully insured, and result in an overall loss in public confidence. This could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.17 Risks Related to the New Civil Transactions Law and its Implementation

The new Civil Transactions Law was issued pursuant to Royal Decree No. M/191, dated 29/11/1444H (corresponding to 18/06/2023G), and entered into force on 04/06/1445H (corresponding to 17/12/2023G). The Civil Transactions Law represents a pivotal development in the Kingdom's regulatory environment, as it regulates many matters which were not codified prior to its issuance. This new Law creates rules and provisions applicable to the Company's operations and activities. For example, it includes provisions relating to contractual damages, compensation for contractual breaches, compensation for loss of profits, moral damages and damages arising from tortious acts, as well as limitation periods for specific claims, among other provisions.

Moreover, the Civil Transactions Law is applied retroactively, except in cases where one of the concerned parties invokes a legal provision or principle that contradicts its provisions and where its provisions relate to the special limitation period prior to the entry into force of the law. As of the date of this Prospectus, the Company has not conducted any assessment regarding the impact of the newly drafted Civil Transactions Law and the scope of its retroactive application on its activities and operations. If such impact is material or if the Company incurs additional costs to take the necessary steps to ensure compliance with the aforementioned law, this would have a material adverse effect on its business, results of operations, financial position and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks Related to Effective Control Post-Offering by the Current Shareholders

Following the completion of the Offering, the Substantial Shareholders, namely National Flight Services, Kingdom Holding Company and Nasser Ibrahim Rashid Al Rashid will collectively own 70% of the Company's share capital. As a result, the Substantial Shareholders will be able to control matters requiring Shareholders' approval and will be able to significantly influence the Company's business, including matters such as the election of Directors, material corporate transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Substantial Shareholders conflicted with the interests of minority Shareholders of the Company (including the Subscribers), the minority Shareholders may be disadvantaged, and the Substantial Shareholders may otherwise exercise their control over the Company in a way which adversely affects the Company. This, in turn, would have a material adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Company.

2.3.2 Risks Related to Non-Qualified Foreign Investors Not Being Able to Directly Hold Shares

Under applicable laws and regulations, non-Qualified Foreign Investors wishing to participate in the Offering must enter into swap arrangements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these interests through the Capital Market Institutions who will hold the legal title to the Shares. Accordingly, non-Qualified Foreign Investors will not hold the legal title to the Shares nor will they be able to vote for the Shares in which they hold an economic benefit.

2.3.3 Risks Related to Liquidity and Volatility in the Market Price of the Offer Shares

The Offer Price may not be indicative of or evidence for the price at which the Shares will be traded following completion of the Offering, and the Subscribers may not be able to resell the Offer Shares at the Offer Price or above, or at all. Resale of the Offer Shares by the Subscribers will be subject to the volatility limits imposed by the Saudi Stock Exchange (Tadawul), which could limit the ability to buy or sell shares that are below or in excess of such limits and thus restrict the tradability of shares in general and the rate of return that can be achieved. The trading price of the shares may also be volatile and may fluctuate significantly as a result of a variety of factors, many of which are beyond the Company's control, including the following:

- Adverse fluctuations in the Company's operational performance and improvement of its competitors' performance.
- Actual or anticipated fluctuations in the Company's quarterly or annual results of operations.
- Downgrades or changes in research coverage by securities research analysts with respect to the Company, its competitors or the industry in which the Company operates.
- The public's reaction to the Company's press releases and other public announcements.
- Failure of the Company or its competitors to meet analysts' projections.
- Additions or departures of key employees.
- Changes in the Company's business strategy.
- Changes in the regulatory environment.
- Changes in the applicable accounting rules and policies.
- Political or military developments or terrorist attacks in the Middle East or elsewhere.
- Political, economic or other developments in or affecting the Kingdom, or political or military developments or terrorist attacks in the Middle East or elsewhere.
- Release or expiration of the Lock-up Period or other transfer restrictions on the Shares.
- Natural and other disasters.
- Any changes in the general market and economic conditions.

The occurrence of any of these factors may result in large and sudden changes in the trading volume and market price of the Shares, which, in turn, may lead to a material adverse effect on the Subscribers' anticipated returns and result in the loss of all or a portion of their investment in the Company.

2.3.4 Risks Related to the Exchange's Trading Limits

Tadawul applies a trading limit for shares listed on the Main Market equal to a variance of 10% or more (upwards or downwards) of the previous day's closing price, from the fourth day of trading onwards. The 10% daily trading limit follows a trading limit for shares listed on its Main Market equal to a variance of 30% or more (upwards or downwards) for the first three (3) days of trading from the date of Admission. If the trading limit is reached (upwards or downwards), trading in the Shares will cease and investors will not be able to buy or sell Shares until the next trading day, at which time the restriction on fluctuations of 10% or more will again apply. This limitation could have an impact on the trading price of the Shares.

2.3.5 Risks Related to the Lack of an Active and Liquid Market for the Shares

There has been no public market for the Company's Shares. As such, there is currently no market for the Company's Shares, and there may not be an active market for the Company's Shares following the Offering. Moreover, the market may not be sustained if it were to exist. The absence or discontinuation of an active market with high liquidity may have a material adverse effect on the trading price of the Company's Shares or lead to Subscribers losing part or all of their investment in the Company, which would affect Subscribers' anticipated returns.

2.3.6 Risks Related to Foreign Exchange Risks When Investing in the Company's Shares

The Shares are, and any dividends to be paid in respect of the Shares will be, denominated in Saudi Riyals. Any investment in the Shares by an investor whose principal currency is not the Saudi Riyal may expose that investor to foreign currency exchange rate risk. This may adversely impact the value of the Subscriber's investment in the Shares or any dividends. In particular, any depreciation of the Saudi Riyal in relation to the foreign currency would reduce the value of the Shares or any dividends in foreign currency terms.

2.3.7 Risks Related to the Use of the IPO Proceeds

The Company will use the Offering Proceeds, obtained from the sale of the newly issued Shares, to expand and increase the size of the Company's fleet, network and scope of operations, as well as for general corporate purposes (for further information regarding the use of the Offering Proceeds, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Company, via the General Assembly, will have discretion in using the Offering Proceeds, and the Subscribers may see the Company's use of the Offering Proceeds as inappropriate. The Offering Proceeds may be subject to change, subject to approval by the General Assembly, according to any economic, social or political developments, in addition to any potential changes in the Company's business plan. The Offering Proceeds may also be invested to achieve long-term benefits for the Company, which may not result in increasing the Company's results of operations or market value, and the Company's objectives may not be achieved. In addition, if the Company decides to use the Offering Proceeds in certain investments, such investments may not generate significant income or may lose their value. The occurrence of any of the above factors could have an adverse effect on Subscribers' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

It is worth noting that, as of the date of this Prospectus, the Company has a cash incentive and reward program for its employees, Directors and members of Board committees to motivate and reward individuals who have contributed to the Company's success and enhanced its ability to achieve its objectives through the completion of the Offering. The Company's Incentive Program units will be funded and the rewards will be paid in cash upon their due date through the use of the proceeds of the Offering resulting from the sale of 12,274,000 shares, representing 23.95% of the offering shares in accordance with the following: (1) the sale of the Company's entire treasury shares, totaling 8,320,237 shares, representing 5.42% of the Company's shares (and representing approximately 16.2% of the Offer Shares) (for further information about the formation of treasury shares, please refer to Section 4.1 "**Overview**" of this Prospectus), and (2) the sale of 3,953,763 shares, representing 2.58% of the Company's shares (and representing approximately 7.7% of the Offer Shares), by the Current Shareholders on a pro rata basis, as part of the Offer Shares, in accordance with the General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G) (for further information, please refer to Section 5.9 "**The Company's Reward and Incentive Program**" of this Prospectus). The implementation of the incentive program, funded by the sale of 8,320,237 treasury shares and the receipt of proceeds from the sale of 3,953,763 shares waived by Current Shareholders, requires the following accounting treatment to be recorded in the financial statements (for further details, please refer to Section 5.10 "**Accounting Treatment and Financial Impact of Implementing the Company's Reward and Incentive Program**" of this Prospectus):

1. Statement of Profit and Loss: Recording a one-time, non-recurring accounting charge for the financial year ending 31 December 2025G, reflecting the value owed to the beneficiaries of the incentive program, which is equivalent to the proceeds from the sale of 12,274,000 shares allocated to fund the incentive program.

2. Statement of Financial Position: (a) At the same time as recording the above expense in the statement of profit and loss, a financial liability is recorded within current liabilities reflecting the value owed to the beneficiaries of the incentive program, which is equivalent to the proceeds from the sale of 12,274,000 shares allocated to fund the incentive program, (b) Upon completion of the share sale and receipt of the proceeds, an increase in cash is recorded in current assets equal to the proceeds from the sale of the entire 12,274,000 shares allocated to finance the incentive program. This is offset by the recording of a reserve in shareholders' equity equal to the proceeds from the entire relevant shares. This reserve is used to offset any accumulated losses that may arise from recording the accounting cost of this incentive program, which are reflected in shareholders' equity in the statement of financial position, (c) disbursing cash incentives according to the schedule specified in the Company's Reward and Incentive Program (within 30 days, 12 months and 24 months after listing of the Company's shares, respectively) (for further details, please refer to Section 5.9 "**The Company's Reward and Incentive Program**" of this Prospectus) in exchange for settling the financial obligation under the item (Obligations Due to the Program), gradually against a decrease in the corresponding cash.
3. Cash Flow Statement: Cash inflows from the sale of shares related to the Company's Reward and Incentive Program are recorded as part of the Company's financing activities and do not affect operating cash flows. Cash outflows paid to the beneficiaries of the Company's Reward and Incentive Program are recorded during the payment period as part of operating cash flows, as they are related to the entitlements of the Company's employees, Directors and members of Board committees.
4. This net reserve will be eliminated from the financial statements for the period following the financial year ending 31 December 2025G, as its purpose no longer exists.

These are one-time, non-recurring accounting treatments associated with the implementation of the incentive program, which may have a negative impact on the income statement during the financial year ending 31 December 2025G. The significance of these treatments depends on several factors, including the Company's net income for the period and the value of the proceeds from the sale of 12,274,000 shares allocated to finance the incentive program, which is determined based on the Offering Price.

2.3.8 Risks Related to the Company's Ability to Distribute Dividends

The Company may not be able to pay dividends or the Board may not recommend and the Shareholders may not approve the payment of dividends for any reasons. The future distribution of dividends will depend on several factors, including, among other things, the Company's future profits, financial position, cash flows, working capital requirements, capital expenditure and distributable reserves (for further information regarding the Company's dividend distribution policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

In addition, the Company may be subject to the terms of its current or future financing agreements, which may include restrictions on making any dividend payments. For example, the Murabaha Agreement entered into with BSF sets out limitations with respect to dividend distribution. The relevant agreement contains provisions restricting the Company's ability to declare or pay any dividends without the prior approval of BSF and the loan agreement with SIDF contains an undertaking by the Company not to distribute any dividends until the full amount of the financing is repaid without the prior written approval of SIDF. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the shares, the Shareholders will not receive any return on investment in the shares unless they sell the shares at a price higher than the Offer Price. There is no guarantee that the Company will be able to distribute dividends to the Shareholders or that the distribution of dividends will be recommended by the Board of Directors or approved by the Shareholders, which may have a material adverse effect on investors' anticipated returns on investment in the Offer Shares.

2.3.9 Risks Related to the Actual or Expected Issuance/Sale of Additional Shares in the Market Following the Expiration of the Lock-Up Period

The sale of a substantial number of Shares on the market following the completion of the Offering, or the perception that such a sale will occur, may adversely affect the market price of the Shares. The Substantial Shareholders shall be subject to a Lock-up Period of 6 months after the listing of the Company's Shares. During such period, the Substantial Shareholders may not dispose of any of their Shares. The sale of a substantial number of Shares by the Substantial Shareholders following the expiration of the Lock-up Period, or the expectation that such a sale may occur, could have a material adverse effect on the market for the Shares and may result in a lower market price.

Furthermore, if the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may adversely affect the market price of the Shares and dilute the Shareholders' ownership percentage in the Company if they do not subscribe to new Shares. The occurrence of any of the foregoing factors would have a material adverse effect on the Subscribers' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

2.3.10 Risks Related to the Non-Publishing of Research or Publishing Inaccurate or Unfavorable Research About the Company

The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about the Company and its business. If analysts do not consistently establish adequate research coverage or if one or more of the analysts covering the Company downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about its business, the market price for the Shares may decline. In addition, if one or more of such analysts who publish research cease to cover the Company at all or fail to publish reports on it regularly, it could lose its position and visibility in the financial markets, which, in turn, would cause the price of the Shares on the market to decline significantly.

2.3.11 Risks Related to the Accuracy or Completeness of Certain Facts, Forecasts and Other Statistics Obtained from Various Government Publications, Market Data Providers and Other Independent Third-Party Sources

Certain facts, forecasts and other statistics relating to the Kingdom, its economy, and the aviation industry, included or relied on for the purpose of disclosures in the Prospectus and/or the Company's publications or otherwise published by third parties, may be derived from various government publications, market data providers and other third-party sources and advisors, including the Market Consultant. The Company cannot guarantee the quality or reliability of these sources. The facts, forecasts and statistics reproduced and extracted from these sources have not been independently verified by the Company, the Financial Advisors, or any of the Company's Directors, affiliates, representatives, employees or Advisors. Prospective investors should give consideration as to how much weight or importance to place on such facts, forecasts and statistics and such information should not be unduly relied upon in making a decision whether to invest in the Shares. In addition, if any of this information proves to be inaccurate or incomplete, the assumptions and conclusions drawn from such data may not provide a solid foundation for the decisions made by the Company or its investors.

The reliability of third-party sources can vary, and the Company has no control over the methodologies used by these sources to collect, analyze, and present data. Any errors or biases in their methodologies could affect the quality and reliability of the information provided.

3. Market and Industry Information

3.1 Disclaimer

All information and analysis included in this market and industry information report (the "Report") is a product of research conducted by A.T. Kearney Saudi Arabia Limited (the "Market Consultant") during the period of January to March 2024G. The report is derived from analysis of primary and secondary information as well as knowledge available internally or in the public domain, notably, (i) materials and information provided by the company such as company profile, company resources, and financial information in addition to discussions with the company's management to obtain strategic context; (ii) secondary research of publicly available surveys, market research, and sources, including from government entities, airlines websites, academic reports, and industry reports from aviation industry consultants, and (iii) through the Market Consultant's internal network of experts.

The Market Consultant has prepared the report in an independent and objective manner and has taken adequate care to ensure its accuracy and completeness. However, while a substantial portion of the information contained in the report has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. Also, research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry.

The report represents the Market Consultant's current view of the market sizing, growth, and dynamics, but the realization of forecasts is contingent on several additional factors. These include timely and effective implementation of policy initiatives, technological progress and maturity, regulatory changes and developments, and industry trends and movements.

As a result, the reliance on the report by any third party for whatever purpose should not and does not absolve such third party from using its own due diligence and competent business judgment in verifying the report's content and findings. Furthermore, nothing in the report constitutes valuation or legal or investment advice.

3.2 Saudi Arabia macroeconomic overview: attractive investment location

The Kingdom of Saudi Arabia (KSA) is the largest economy in the Gulf Cooperation Council (GCC) and has ambitious diversification objectives

The Kingdom of Saudi Arabia is the largest economy in the GCC with a real gross domestic product (GDP) of about SAR 3.0 trillion in 2023G. It is projected to grow at a 3.5% compound annual growth rate (CAGR) until 2030G to reach SAR 3.8 trillion, compared with a 2.2% growth for the rest of the world. The oil sector is the largest contributor to the national economy (33% in 2023G), but the country is focusing on increasing non-oil contributions as part of Vision 2030. Thus, several initiatives have been developed, including expanding the contribution of small and medium-size enterprises (SME) GDP, improving KSA Global Competitiveness Index rating, and encouraging more foreign direct investments. From 2018G to 2023G these initiatives translated into a GDP CAGR of 6.5% for finance, insurance, and business services and 3.0% for wholesale and retail trade along with hospitality, compared with 0.8% for crude petroleum and natural gas activities.

Table 3.1: Key Performance Indicators

KPI	UoM	2018G	2019G	2020G	2021G	2022G	2023G	2030G	CAGR (2018G-2023G)	CAGR (2023G-2030G)
Saudi Arabia real GDP	trillion SAR	2.73	2.75	2.63	2.75	2.98	2.97	3.77	1.7%	3.5%
KSA oil share of GDP	(%) of GDP	35%	31%	23%	30%	41%	33%	NA	(1.2%)	NA
KSA non-oil share of GDP		65%	69%	77%	70%	59%	67%		0.6%	
Bahrain real GDP	trillion SAR	0.13	0.13	0.12	0.13	0.13	0.14	0.15	1.5%	1.0%
Oman real GDP		0.34	0.34	0.33	0.34	0.35	0.36	0.42	1.1%	2.2%
Kuwait real GDP		0.52	0.52	0.47	0.48	0.52	0.53	0.61	0.4%	2.0%
Qatar real GDP		0.69	0.69	0.67	0.68	0.71	0.71	0.87	0.6%	2.9%
United Arab Emirates real GDP		1.53	1.55	1.47	1.54	1.66	1.7	2.12	2.1%	3.2%

Note: real GDP in constant price of 2015G

Furthermore, in line with the KSA's ongoing transformation, the real disposable income per capita (adjusted to inflation) grew at a CAGR of 4.3% from 2018G to 2023G. In parallel, the mid- to high-income household group grew 45% to 55%, which should have positively impacted spending on air travel.

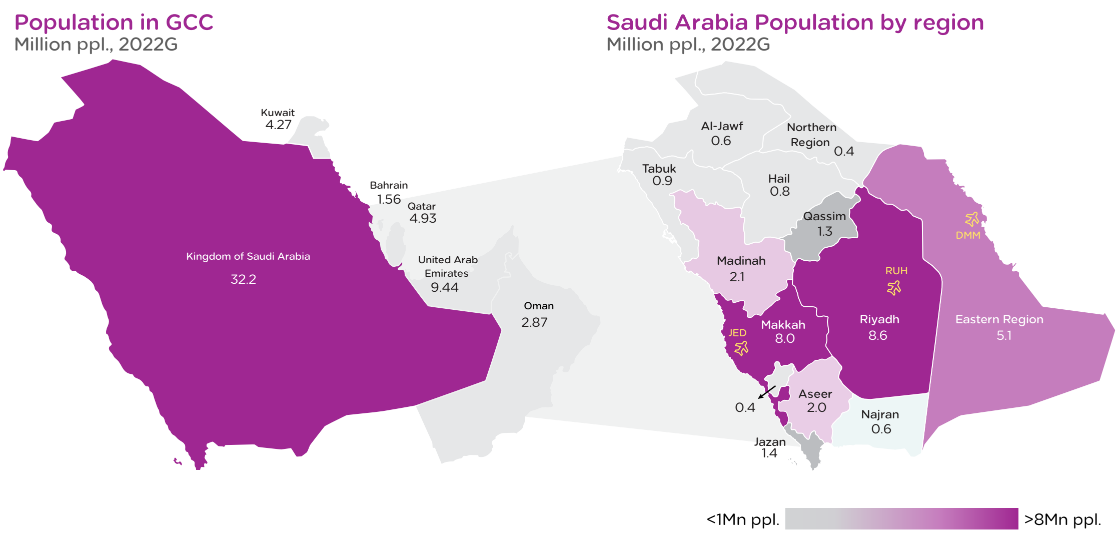
Table 3.2: Key Performance Indicators – Income

KPI	UoM	2018G	2019G	2020G	2021G	2022G	2023G	CAGR (2018G-2023G)
Household personal disposable income	thousand SAR	170	189	181	207	202	210	4.3%
Low-income household band	% of total population	55%	50%	52%	45%	47%	45%	(3.9%)
Mid-income household band		28%	29%	29%	30%	30%	31%	2.1%
High-income household band		17%	21%	19%	24%	23%	25%	8.0%

KSA is the GCC's largest country and largest population, fueling its domestic and international traffic

Saudi Arabia is the largest country in the GCC, covering an area of 2.1 million square kilometers. KSA also leads in population with 32.2 million people (58% of the total GCC population in 2022G) and is expected to continue outpacing regional growth through the end of the decade (62% of the total GCC population in 2030G), which will likely have a positive impact on domestic travel. More than 40% of the population is non-Saudi, mostly originating from the Indian sub-continent and Middle Eastern countries, contributing to international travel. KSA has a very young population; in fact, more than 65% is 34 years old or younger. The population is scattered across 13 regions with more than half of it concentrated in Riyadh and Makkah provinces. King Khalid International Airport in Riyadh and King Abdulaziz International Airport in Jeddah are the main international entry gates.

Figure 5: Population of the GCC countries and the Population of the Kingdom by Region



Source: Oxford Economics, General Authority for Statistics (GASTAT)

Vision 2030 is transforming the country with the tourism and aviation sectors being key enablers

Vision 2030, the KSA's forward-looking road map launched by King Salman and Crown Prince Mohammed bin Salman, aims to transform the country by focusing on three pillars: an ambitious nation, a thriving economy, and a vibrant society. Several strategic objectives were developed to support the thriving economy pillar, one of which is to enable the development of the tourism sector. In line with this strategic objective, a National Tourism Strategy was developed in 2018G with an ambitious target to attract 120 million overnight visitors by 2030G and hence increase the tourism sector's contribution to the national GDP to more than 10%.

To enable the tourism strategy, the Saudi Aviation Strategy was developed in 2019G to position KSA as a leading aviation sector in the Middle East with 330 million passengers. The strategy is backed by SAR 365 billion in investments planned to be done until 2030G. Under the framework of the National Transport and Logistics Strategy (NTLS), it aims to boost the GDP contribution of transport and logistics to 10%.

3.3 Global and Saudi Arabia aviation sector: a promising outlook, especially for LCCs

3.3.1 Global aviation sector overview and outlook

The global aviation sector is steadily growing but is impacted by external global shocks

Over the past five decades, the global air transport industry saw a twenty-fold increase in annual passenger traffic (PAX) following a consistent exponential growth trend until 2019. Despite historic disruptions such as the Gulf War and 9/11, the industry typically recovered within one to three years. However, the industry recovered overall during 1999G.

The commercial airline market is expected to fully recover in 2024G despite geopolitical uncertainty, with PAX reaching pre-pandemic levels. Between 2023G and 2030G, PAX is expected to increase at a CAGR of 4.9%, rising to almost 5.75 billion passengers by 2030G. This growth is mainly led by Asia Pacific's average annual growth rate of 6.5%. The Middle East is also recovering from the pandemic and is expected to grow at a CAGR of 3.8% from 2023G to 2030G.

Figure 6: Global Air Passengers

Source: International Air Transport Association (IATA)

The sector will recover in 2024G with short-term growth driven by "revenge travel" while long-term growth will be mainly driven by a growing global population

Several elements are fueling this recovery and the strong prospects for growth, including economic, socio-cultural, and demographic factors. In the short term, the emergence of "revenge travel" as a byproduct of household savings accumulated during the COVID-19 crisis translated into 700 million tourists traveling internationally between January and September 2022G—a more than twofold surge compared with the same period in 2021G. In the longer term, the global population is forecasted to grow to 8.3 billion people in 2030G with an extended life expectancy, boosting tourist flow forecasts to 1.8 billion by 2030G from 960 million today with a CAGR of ~9%. In, addition global wealth will rise by 38%, reaching SAR 2,359 trillion by 2027G. This wealth increase accentuates the "democratization" of travel.

Several trends are transforming the industry, including single-aisle long-range aircraft and decarbonization

Several trends are shaping the future of commercial aviation, spanning aircraft technology and the sustainability transformation. The introduction of new single-aisle aircraft with an extended range will open new opportunities for airlines. In fact, it will allow them to operate non-stop flights that connect distant destinations while adapting to off-peak times. Airbus' latest aircraft, the A321 long-range and extra-long range (LR/XLR), is a good example of this new generation, offering a range of up to 4,700 nautical miles while burning 20% less fuel than previous-generation aircraft.

In addition to aircraft fuel efficiencies, the global aviation industry is aiming to achieve net-zero carbon emissions by 2050. The collaboration between the public and private sectors could speed up access to sustainable aviation fuels (SAF), which could reduce the sector's emissions by 65% by 2040.

The lines are blurring between the two main airline business models: FSCs and LCCs

The commercial aviation sector has undergone a profound transformation with the rise of low-cost carriers (LCCs), which have disrupted the traditional full-service carrier (FSC) model that once dominated the industry. Originating from the pioneering Southwest Airlines model in the 1960s, LCCs have redefined air travel by offering simplified services and competitive pricing, often foregoing frills in favor of affordability. In fact, LCCs excel in cost-efficiency through standardized operations, point-to-point routes, and secondary airports to achieve competitive unit costs. In contrast, FSCs mainly operate a hub-and-spoke model with a diverse type of fleet focusing on offering a "premium" experience.

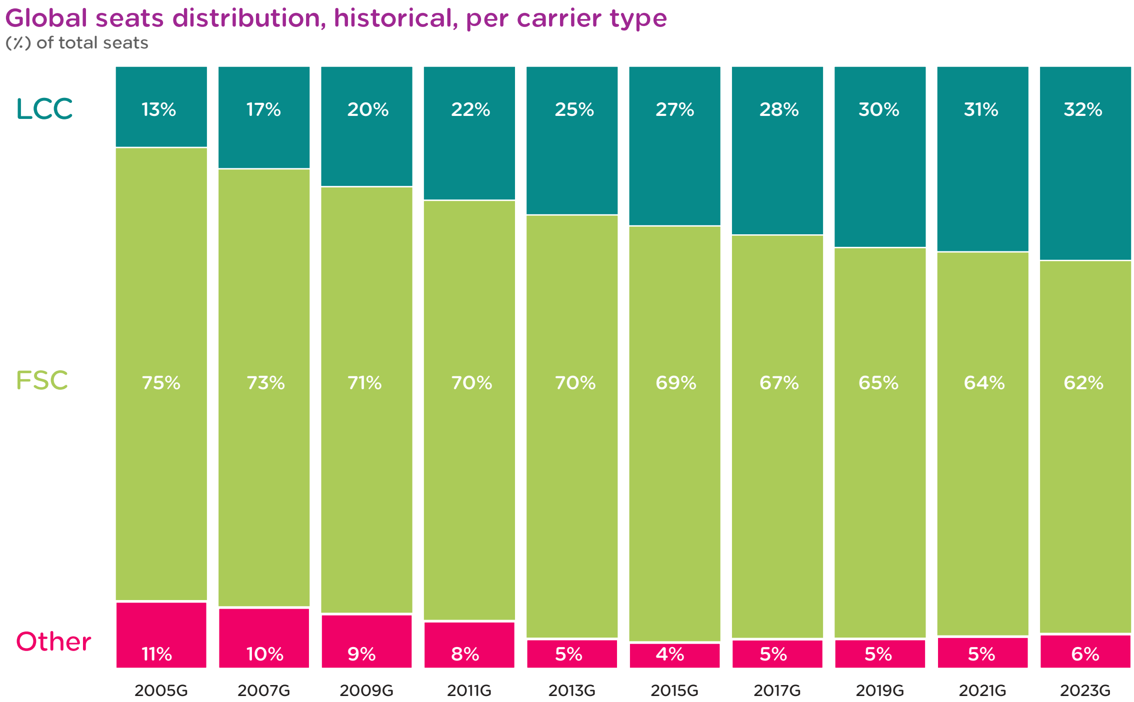
This distinction between FSCs and LCCs, once sharply delineated, is fading as both models are converging on a middle ground. FSCs are adopting more elements of the LCC model, incorporating hybrid features such as paid ancillary services. Conversely, FSCs are adapting to the competitive landscape by streamlining services, optimizing routes, unbundling pricing, and exploring cost-saving measures to remain agile in the market. Hybrid carriers such as flydubai now occupy a unique position in the market, catering to a broader segment of travelers by offering a mix of economy- and business-class cabins on all their flights. Flydubai is even expanding its fleet by adding wide-body aircraft (B787).

Despite the blurring lines between LCCs and FSCs, some carriers have decided to retain the focus on maintaining the absolute lowest cost, which are now called ultra-low-cost carriers (ULCCs). ULCCs such as Wizz Air are characterized by their significant cost-cutting measures and bundled pricing strategies with less focus on passenger comfort. These carriers prioritize efficiency and affordability, attracting budget-conscious travelers with their no-frills approach.

LCCs are leading the aviation sector's growth with 8.5% CAGR over the past ~20 years (compared with 2.3% for FSCs)

The commercial aviation sector has undergone a profound transformation with the rise of low-cost carriers (LCCs), which have disrupted the traditional full-service carrier (FSC) model that once dominated the industry. From 2005G to 2023G, LCC capacity has been growing at a CAGR of ~8.5% versus ~2.3% for FSC. LCCs disrupted the airline industry with more affordable ticket prices, which further democratized air travel and translated into the share of LCC penetration growing more than two folds over the past 20 years, increasing from 13% in 2005G to 32% in 2023G. These airlines are now poised for continued growth, driven by medium- to long-haul market exploration (observed in the surge in long-range aircraft deliveries and orders) and expanded seating capacities, which is challenging legacy carriers around the world.

Figure 7: Global Seats Distribution, Historical, Per Carrier Type



Note: 'Other' includes cargo, charters, regional and virtual carriers

Source: Cirium, Kearney analysis

3.3.2 Saudi Arabia aviation market overview

KSA is the leading domestic aviation market in the GCC and the second-largest international aviation market after the UAE

Established in September 1945, Saudia Airlines has evolved into a major Middle East carrier, kicking off its aviation operations in KSA. Strategic airport developments from 1950 to 1990 and the creation of the General Authority of Civil Aviation (GACA) strengthened the aviation ecosystem. In 2007G, flynas, originally Nas Air, became the country's first national low-cost airline. Ongoing airport expansions and liberalization efforts since 2012G have spurred competition and regional interest. Correspondingly, Saudia airlines established flyadeal in 2016G to compete in the low-cost segment. More recently, in 2023G, the Public Investment Fund (PIF) launched Riyadh Air, Saudi Arabia's second flag carrier. Riyadh Air will be based in Riyadh's King Khalid International Airport (RUH) with a primary focus on leisure and business travel. In turn, Saudia Airlines will shift its base to Jeddah Airport (JED) and focus on religious travel.

With KSA being an open and liberalized market, local carriers face competition from international airlines on international routes, with Qatar Airways, Emirates Airlines, Turkish Airlines, Pakistan International Airlines (PIA), EgyptAir and others occupying the top positions on international routes to and from KSA.

Figure 8: Domestic Airlines

	Saudia السعودية	RIYADH AIR طيران الرياض	flynas طيران ناس	flyadeal طيران أديل
FOUNDING YEAR	1945	2023	2007	2016
CARRIER TYPE	FSC Main historical carrier in KSA, now focusing on religious travel from JED	FSC Newly founded carrier, owned by PIF, focusing on leisure and business travel	LCC First low-cost carrier, private company offering domestic and int'l flights	LCC Subsidiary of Saudia Airlines group, competing on low-cost market
MAIN BASE	JED	RUH	RUH	JED
OTHER BASES	RUH[1]	NA	JED/MED/DMM	RUH
2023 MN PAX	30	NA Expected start of operations in 2025	11	9
2023 NO. AIRCRAFTS	144	NA	58	32

(1) Saudia is expected to close the base in RUH once Riyadh Air starts operations

Source: Airline websites

Currently, airlines and airport holding and operating companies interact in an ecosystem overseen by GACA. GACA's role is to set and maintain a high level of safety and security standards, help make the sector more attractive to investors, and monitor and enhance the quality of service.

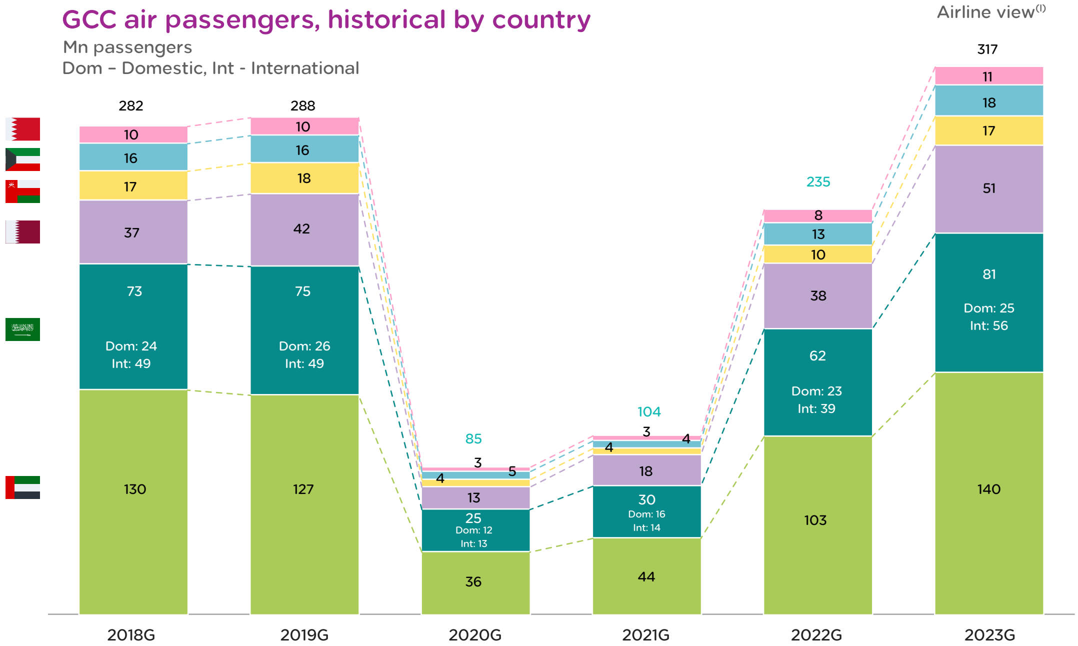
KSA signed the International Civil Aviation Chicago Convention in 1962. Only local airlines can fly domestically while for international flights, bilateral agreements are signed on a case-by-case basis. Since 1953, KSA civil aviation safety regulations for flight ops, airworthiness, and personnel licensing have followed in the footsteps of the US Federal Aviation Administration (FAA). The current GACA Aviation Safety Regulatory Framework was adopted in 2016G based on FAA's Federal Aviation Regulations.

In 2023G, GACA published a new economic policy along with three new regulations. This transformation milestone aims to unleash KSA's aviation sector by attracting more investments, boosting competitiveness, increasing transparency, and enabling the realization of Saudi Aviation Strategy objectives. Key reforms include introducing competition standards at airports, enacting anti-competitive pricing measures, streamlining the economic license for air transport operations, and relaxing the requirements of airport operators and investors. Airlines will benefit from streamlining processes, including removing some of the economic license requirements, which will reduce the cost of doing business.

For asset ownership and management, Matarat, which was founded in 2013G, is responsible for transforming KSA airports through privatization by attracting investors to develop airport assets via private-sector participation (PSP). Different entities are responsible for specific airports clusters, including Riyadh Airports Company (RAC) for RUH, Dammam Airports Company (DACO) for DMM, HOF and AQI, Jeddah Airports Company (JEDCO) for JED, Tibah for MED, and Cluster 2 for nearly all the remaining airports. At this stage, only Tibah (MED) is a privately owned entity.

In recent years, KSA has quickly ramped up to become one of the region's largest markets for passenger traffic—and the only one with substantial domestic travel. In fact, the domestic market represents ~31% of the total KSA PAX, totaling ~25 million PAX in 2023G.

Figure 9: GCC Air Passengers, Historical by Country



Note: Number of PAX excluding non-scheduled flights, general aviation and cargo flights

(1) Airline view refers to the airline-specific method for PAX calculation, accounting for one additional passenger for every internal flight within the Kingdom's airports.

Source: Cirium, General Authority of Civil Aviation (GACA), Kearney analysis

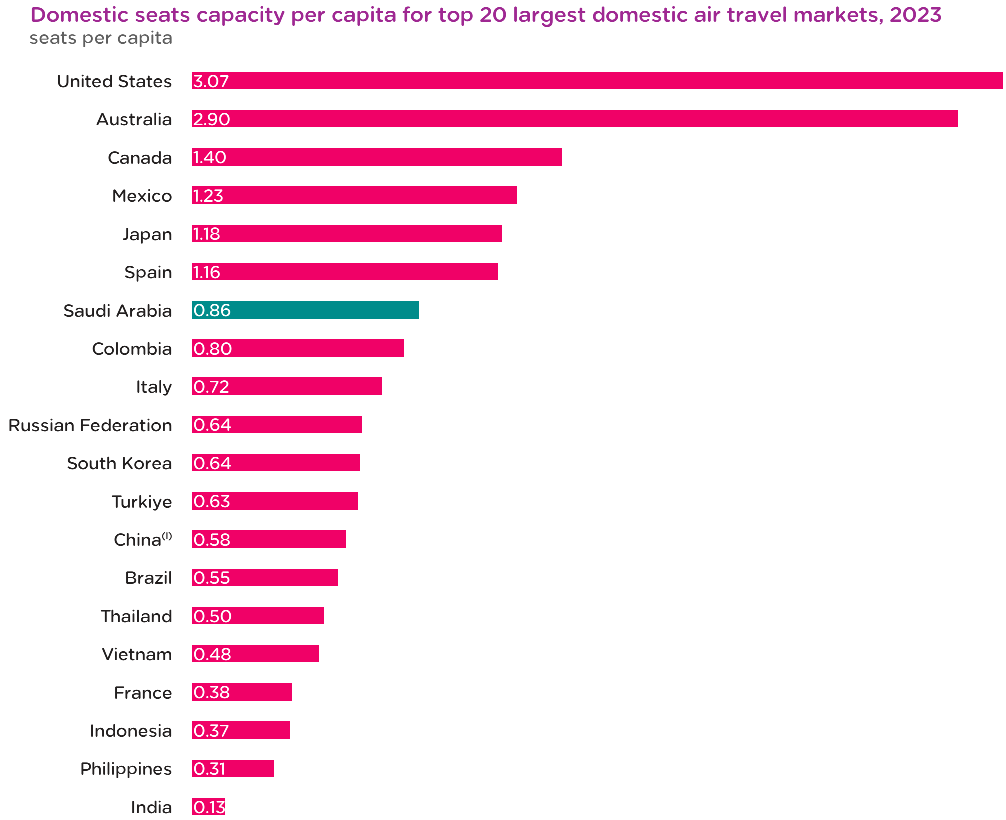
KSA passenger market is primarily driven by three segments of travel:

- **Leisure:** Saudis contribute significantly to leisure travel, both domestically and internationally, particularly within the Middle East.
- **Religious:** The pilgrimage destinations of Makkah and Madinah attract Muslim travelers from around the world, mainly from Africa, Asia and the Middle East, forming a substantial segment of religious travel.
- **Visiting friends and relatives:** This travel is driven primarily by expatriate labor, with individuals traveling to and from their home countries (or their families visiting them in KSA), notably Pakistan, India, Bangladesh, and the Middle East and North Africa region.

KSA has a strong domestic penetration, with growth potential in both domestic and international markets driven by tourism

KSA's domestic air travel penetration is ranked 7th among the top 20 largest domestic markets in 2023G. This is mainly driven by a large population (32.2 million) living in a large territory (2.15 million sq km).

Figure 10: Domestic Seats Capacity per Capita for Top 20 Lagest Domestic Air Travel Markets, 2023G

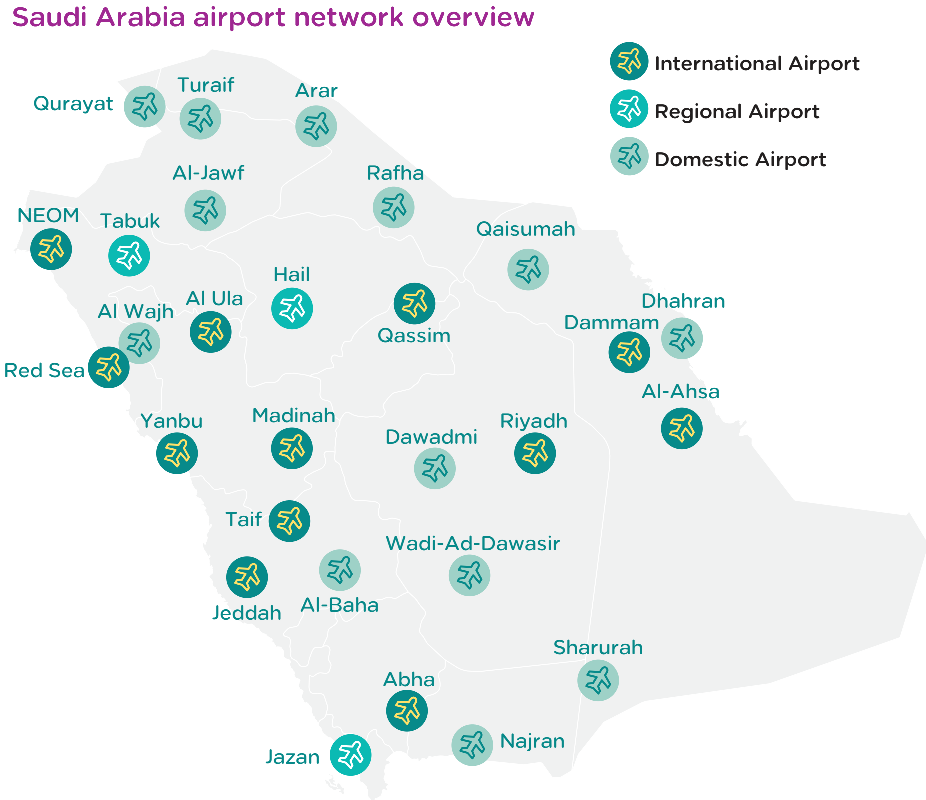


(1) China had still relatively strict travel restrictions in 2023G linked to the COVID-19 pandemic

Source: Cirium, Oxford Economics, National Statistics Departments of selected countries, Kearney analysis

KSA has a network of airports covering key cities and tourism destinations, including 29 commercial airports: 12 international, 3 regional, and 14 domestic. In comparison, the national rail and intercity bus capabilities seem to be limited. Passenger rail penetration (measured in passenger rail km per capita) is ~3 to 130 times less than the top 20 largest passenger rail markets. In fact, the combined rail and bus passenger traffic is inferior compared with domestic air traffic: 16 million PAX versus 25 million PAX in 2023G.

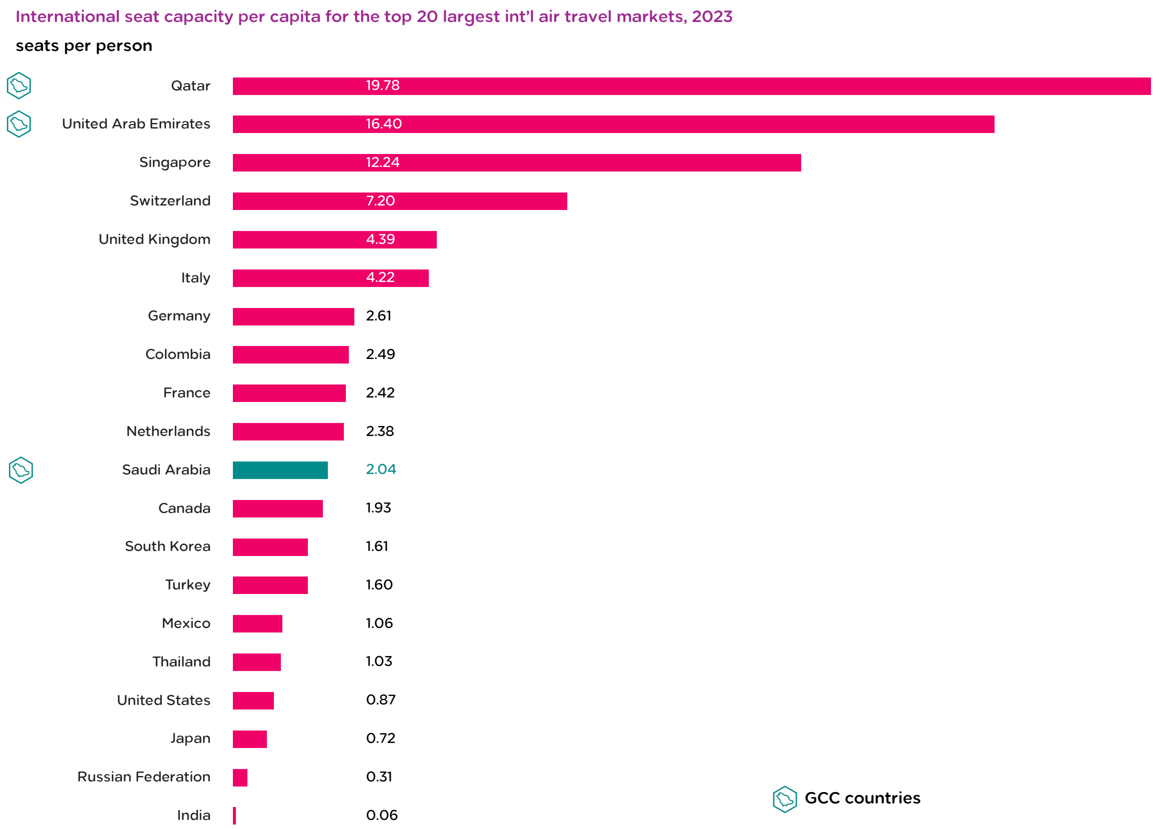
Figure 11: The Kingdom's Airport Network Overview



Source: GACA (General Authority of Civil Aviation)

Currently, Saudi Arabia ranks 11th among the 20 largest international air travel markets. There is a major room for growth as international travel to and from countries ranked above KSA is mainly driven by tourism, with some cities positioned as global transit hubs (e.g., Doha, Dubai, and Singapore). With its vision 2030, KSA is actively investing in tourism projects, which should translate into higher international travel per capita.

Figure 12: International Seats Capacity per Capita for the Top 20 Largest International Air Travel Markets, 2023G

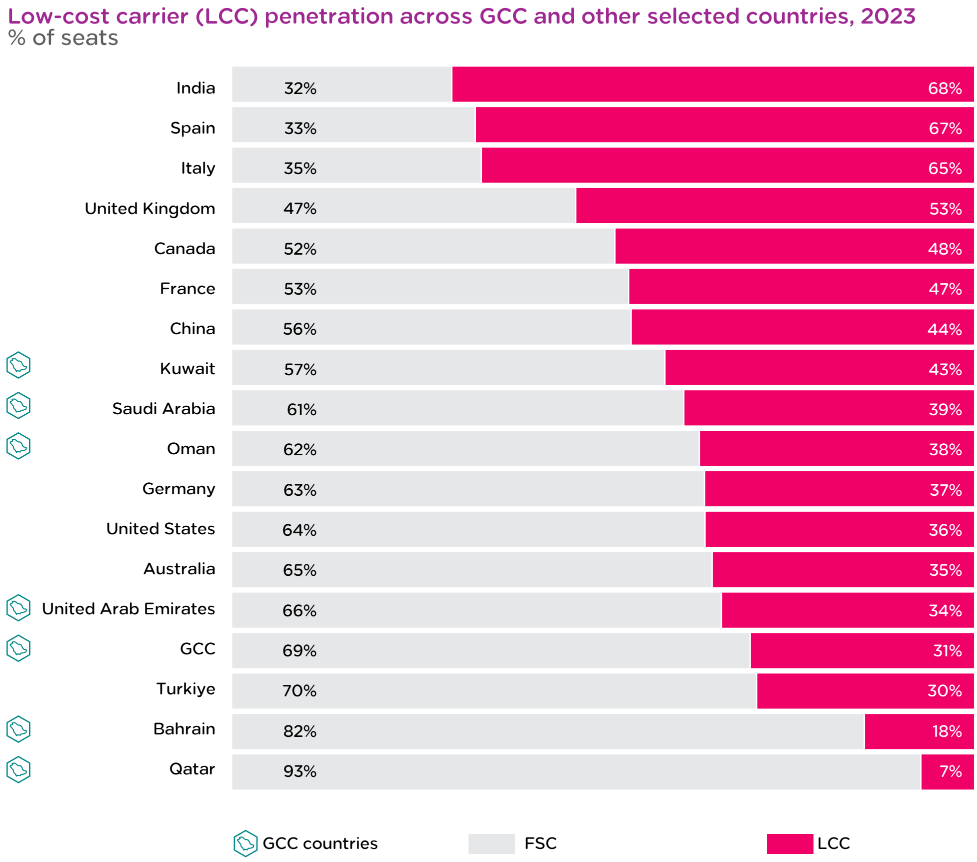


Source: Cirium, Oxford Economics, National Statistics Departments of selected countries, Kearney analysis

Similar to the global aviation market, LCCs have outperformed the market in KSA

In 2023G, LCC penetration in KSA market is higher than the GCC average of 31%, but lagging Kuwait which averages higher at 43%. KSA generally lags mature European markets such as Spain and Italy, which focus on tourism and achieve +65% LCC penetration of the air travel market.

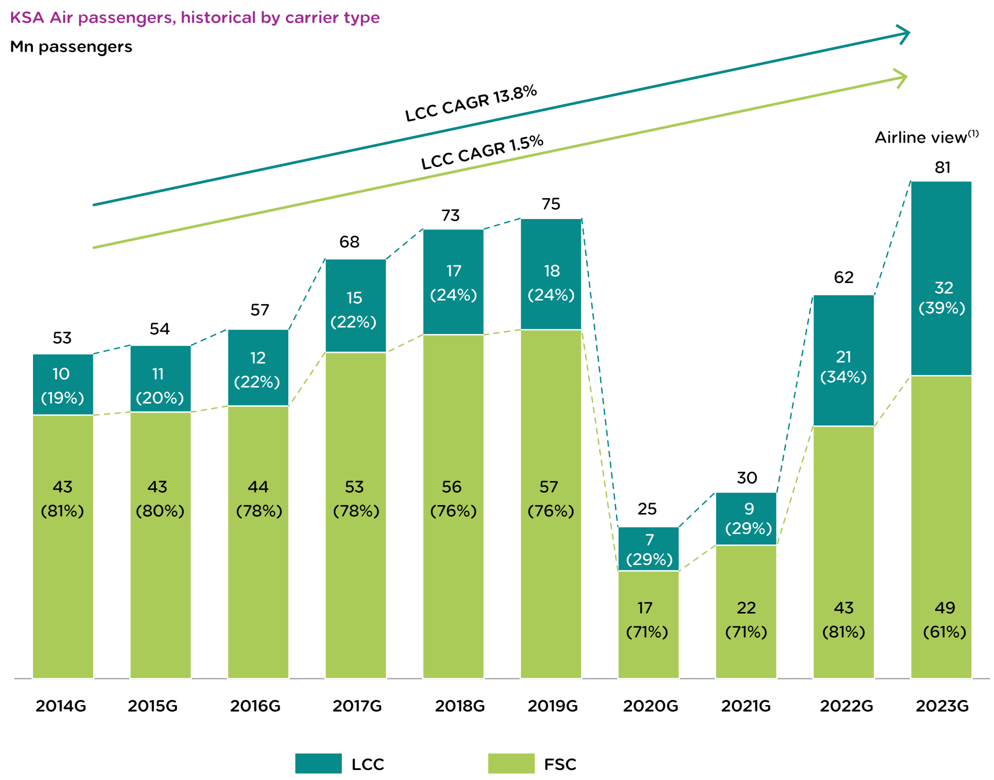
Figure 13: Low-Cost Carrier (LLC) Penetration Across GCC and Other Selected Countries, 2023G



Source: Cirium, Kearney analysis

Saudi Arabia has seen its LCC market fueled by strong growth compared with FSC. Despite a sharp decline in total PAX during the pandemic, LCCs now have a 39% market share, gaining a 20% market share in about 10 years.

Figure 14: The Kingdom's Air Passengers, Historical by Carrier Type



Note: Number of PAX excluding non-scheduled flights, general aviation and cargo flights

(1) 'Airline view' refers to the airline-specific method for PAX calculation, accounting for one additional passenger for every internal flight from any ofwithin KSA the Kingdom's airports.

Source: Cirium, General Authority of Aviation (GACA), Kearney analysis

LCCs in KSA developed their network across short-haul segments mainly connecting Jeddah, Dammam, and Riyadh among each other as well as with the rest of KSA, with a total domestic penetration of 48% in 2023G.

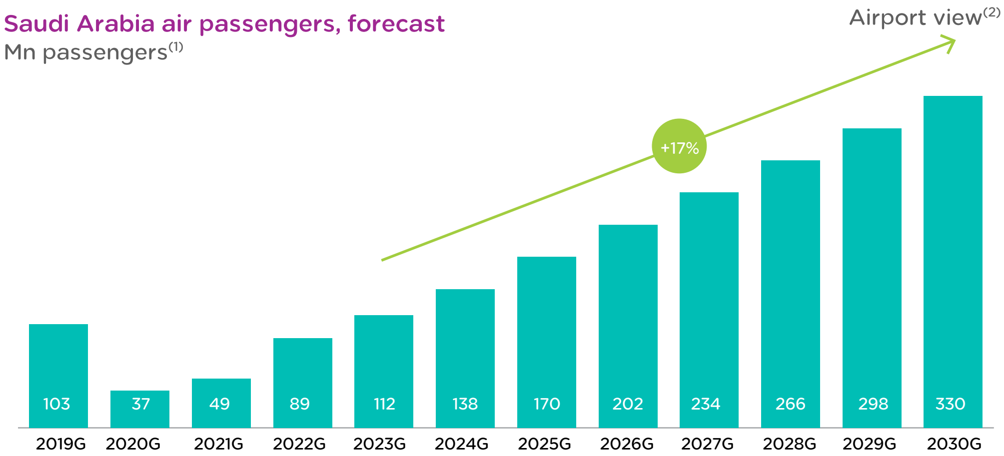
In international travel, 20 countries drive more than 80% of international origin and destination traffic to Saudi Arabia, with a considerable penetration of LCC versus FSC in UAE (56%), India (50%) and Egypt (45%).

3.3.3 Saudi Arabia aviation sector outlook

The Saudi Aviation Strategy has set an ambitious target of 330 million airport passengers

In line with Vision 2030, the Saudi Aviation Strategy aims to position KSA aviation sector as #1 in the Middle East with airport traffic of 330 million passengers by 2030G (incl. 30 million of international transit PAX).

Figure 15: The Kingdom's Air Passengers, Forecast



Note: Linear interpolation was applied to populate figures for years 2024G to 2029G, taking as basis actual figures for 2023G and SAS target for 2030G. Transit passengers for historical years are included within International passengers

Number of PAX excluding non-scheduled flights, general aviation and cargo flights

(1) Includes unscheduled general aviation and Hajj & Umrah flights

(2) 'Airport view' refers to the airport-specific method for PAX calculation, accounting for an additional passenger for every take-off or landing from any of the KSA airports.

Source: Saudi Aviation Strategy, General Authority of Aviation (GACA), Kearney analysis;

In addition, the strategy targets 4.5 million tons of annual air cargo to be captured by KSA by 2030G. This increase by almost 5 times from 2023G (0.9 million tons) will be enabled by increased warehouse capacity, creation of free zones and special economic zones to attract global logistics providers.

Simultaneously, the SAS aims to position Saudi Arabia as a general aviation hub, enhancing market competitiveness, liberalizing fixed based operators (FBO), and attracting maintenance, repair and overhaul (MRO) operator and OEMs for development and support.

GACA is also driving the aviation sector's growth with forward-looking regulations, connectivity programs, and infrastructure development plans. Key initiatives include privatization and investor facilitation policies, efforts to create a competitive environment, stimulation of air transport services, and economic regulations for ground-handling and cargo.

Air connectivity programs, exemplified by the Saudi Air Connectivity Program (ACP), are underway to enhance travel opportunities globally by collaborating with airlines such as LOT Polish Airlines, Saudia Airlines, and flynas.

Several airport infrastructure projects have been planned as part of Vision 2030 and the Saudi Aviation Strategy. The 2019G launch of the new terminal at King Abdulaziz International Airport in Jeddah was the first major airport expansion, adding 30 million PAX capacity per year. Phase 2 of the project will expand the capacity to 80 million PAX by 2035G. In addition, a new airport is planned in the capital city of Riyadh, King Salman International Airport, which will cater for the high growth projected at Riyadh and will also be the hub of a new airline, Riyadh Air, targeting a capacity of 120 million PAX by 2030G and 185 million PAX by 2050. In addition to the two key hubs (Jeddah and Riyadh), several airports are being developed in the new giga-projects, including NEOM International Airport and the Red Sea International Airport.

Figure 16: The Aviation Sector's Vision in the Kingdom

GACA
الهيئة العامة للطيران المدني
General Authority of Civil Aviation

SECTOR VISION

Empower Vision 2030 and
become aviation sector #1 in Middle East

Enable National Tourism Strategy (300 Mn PAX)
and serve national air cargo needs (2.5 Mn tons)

Upgrade KSA to become a global transit hub
(30M PAX) and global air cargo hub (2.0 Mn tons transit)

Network & hubs	Extend KSA connectivity to **250+ destinations** across 29 airports with **RUH** and **JED** serving as **2 global PAX long-haul-connecting hubs** and global air cargo hubs leveraging belly capacity
Carriers	Increase **local LCC share & local carrier competitiveness,** with JED hub served by SAUDIA & SAUDIA Cargo, and **RUH served by new PAX carrier,** Riyadh Air, with cargo operations
Airports	Upgrade infrastructure & operations, including **airport PAX capacity and experience** in line with Tourism Strategy, and state-of-the-art Cargo facilities at level of regional peers(1)
Services	Move from monopoly to **fair competition** - particularly in Ground Handling & MRO - and step-up **local players competitiveness** to raise service levels
Enablers	A **diverse source of funds** will be needed to transform the sector enabled by a strong collaboration between the **government, private sector**, and **creditors** ($100 billion of investment opportunities)

(1) UAE, Qatar, Turkey

Source: Saudi Aviation Strategy

Forecasts are mainly driven by large-scale leisure and religious tourism plans

This PAX growth is primarily driven by the National Tourism Strategy, which has set ambitious targets across customer segments.

Giga-projects such as NEOM, The Red Sea, and Al Ula are key enablers of the National Tourism Strategy and are expected to attract tourists from KSA and around the world.

The leisure and hospitality market will contribute 30 million international tourists by 2030G, with air travel being the main transport mode. Tourists will range from value seekers to premium segments. LCCs are expected to capitalize on direct flights on European and Asian routes to capture unserved demand for leisure tourism.

Additionally, the number of religious tourists is expected to quadruple by 2030G.The Ministry of Hajj and Umrah forecasts 30 million international Umrah pilgrims by 2030G. Historically (2019G) the religious tourists were originating from Asia Pacific (45%) and from the Middle East and Africa (20%), driving international travel for both short- and medium-haul flights.

Enabled by diverse market segments, LCCs are expected to capture 100 million PAX by 2030G

The forecast for 330 million airport passengers in 2030G translates into 226 million of domestic and international PAX and about 30 million of International transit PAX, accounting for only the departing PAX for people traveling to, from, or within KSA. In fact, the airport PAX forecast view feeds into the assessment of airport resources and infrastructure sizing, while the airline PAX forecast view serves as a basis for individual airlines' contribution to passenger traffic.

Building on the national ambition, as per the Saudi Aviation Strategy projections, LCCs are expected to surpass 100 million PAX by 2030G, having a 60% to 70% market share on domestic routes, while 45% share among the total KSA traffic by 2030G.

Out of the 100 million LCC PAX projected by 2030G, ~49% are projected to be from the domestic market, while ~34% from/to the MEA (incl. GCC) market and ~12% are from/to the Indian sub-continent market.

3.4 KSA LCC competitive landscape assessment: diverse business models with a clear trend to expand to medium- and long-range travel

3.4.1 KSA and regional competitive landscape

Various LCCs operate in the region with distinctive value propositions (from the ULCC to the hybrid model) to serve their respective customer bases

The aviation sector in the GCC region has historically been dominated by FSCs such as Emirates Airlines, Qatar Airways, and Saudia Airlines, all of which started operations in the 20th century. This landscape shifted in 2003G with the launch of Air Arabia, the region's first LCC. Since then, the LCC model has been gaining momentum with the entries of flynas and Jazeera Airways, among others. This diversification signals a move toward greater accessibility and competitive pricing, expanding travel choices for the region.

Figure 17: Airlines' Overall Positioning

	ULCC	LCC				Hybrid
Airlines' overall positioning	flyadeal طيران أديل	flynas طيران ناس	AirArabia العربية للطيران	Jazeera الجزيرة	SalamAir السلام	flydubai

Ultra-low-cost carriers (ULCC)

As a ULCC, flyadeal is primarily targeting domestic markets with 90% of its ASKs driven by short haul flights (0 to 2,000 km) and operated by a single-type fleet. The airline uses a single-cabin configuration with a low seat pitch of 28 inches and no loyalty program. Its pricing model is fully unbundled, featuring various ancillary charges.

Low-cost carriers (LCC)

Salam Air is an LCC that offers both short- and long-haul routes with A320s and A321s aircraft. These routes constitute 38% and 21% of the total ASKs respectively. The airline does not enroll in any code-share agreements or interline partnerships. Salam Air takes a diverse approach with multiple cabins with a higher seat pitch of up to 40 inches, a basic loyalty program, and fully unbundled pricing with ancillary charges.

Air Arabia is also an LCC, primarily operating short-haul and medium-short haul flights; 31% of its ASKs are driven by short distance flights (0 to 2,000 km), and 40% are driven by medium-short flights (2,000 to 3,000 km). It operates A320s and A321s aircraft and have cabins with a high seat pitch of 32 inches despite its LCC business model and enhances its value proposition with a loyalty program. With a fully unbundled pricing scheme with ancillary charges, Air Arabia predominantly sells through direct channels, and its advertising highlights the extensive reach of its network.

Jazeera is also an LCC with a clear focus on short-haul flights (0 to 2,000 km), which constitute 44% of its ASKs, and medium-short hauls (2,000 to 3,000 km) making up 22%. The airline uses a single-fleet strategy without any code-share agreements or interline partnerships. Jazeera has a basic loyalty system and fully unbundled pricing with multiple ancillary charges.

flynas, is also an LCC, mostly focusing on short-haul flights, with ~70% of its ASKs driven by short-haul flights (0 to 2,000 km) using a single-type fleet while maintaining selective code-share agreements. Featuring multiple cabins on selected international routes, a higher seat pitch of up to 34 inches, and a fully-fledged frequent flyer program (FFP), flynas uses a fully unbundled pricing scheme with ancillary charges.

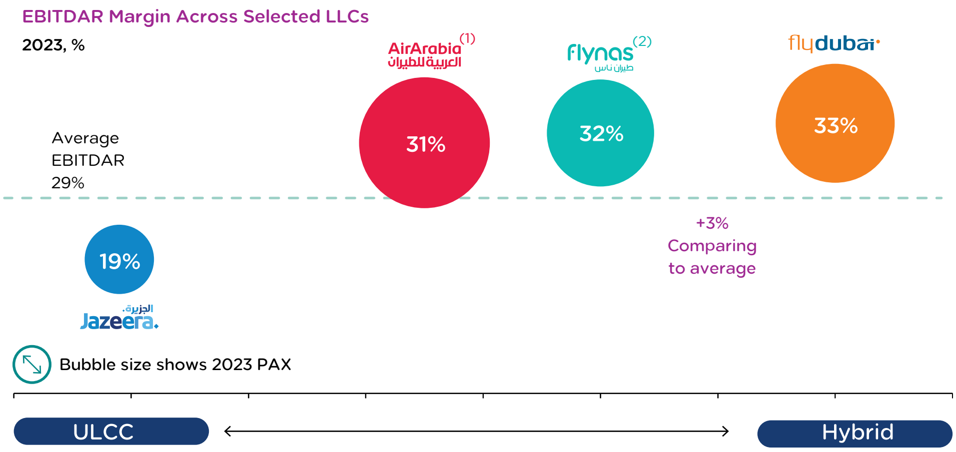
Hybrid carriers

As a hybrid carrier, flydubai borders on the characteristics of an FSC, focusing on long-haul routes; 36% of its ASKs cover medium ranges (3,000 to 4,000 km), and 15% span medium to long distances (4,000 to 6,000 km). The airline has code-share agreements and interline partnerships and provides multiple cabins and a higher seat pitch of up to 42 inches. The airline also offers a fully-fledged loyalty program.

Across the various models, LCCs achieve comparable profitability in the region

Despite their diverse business models, the benchmarked LCCs have consistent EBITDAR margins. The average stands at 29%, with flydubai, flynas and Air Arabia having respectively 33%, 32% and 21% of EBITDAR margin while Jazeera have the lowest EBITDAR margin at 19%. However, it is worth noting that the remaining players—Air Arabia operating as an LCC closer to the ULCC model and flydubai embracing a hybrid carrier model—closely align with the average.

Figure 18: EBITDAR Margin Across Selected LLCs



(1) Excluding rental revenues

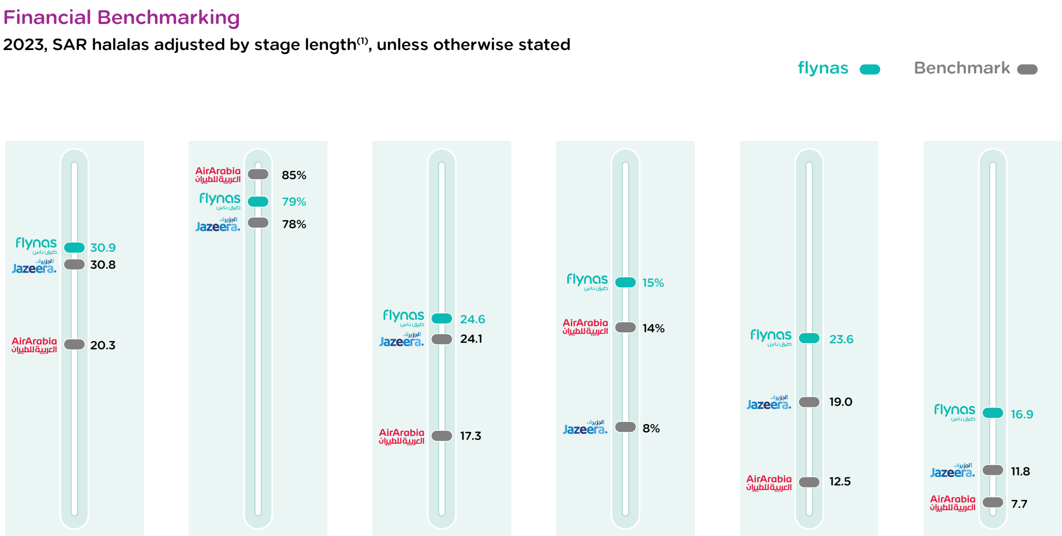
(2) flynas data includes scheduled flights only (i.e. excludes H&U and Nasjet).

Source: Company reports, Expert interviews, Kearney

However, due to some business model variations, there are differences in financial metrics such as yield, load factor, and CASK

As LCCs, flynas and Jazeera consistently achieve higher yields compared with Air Arabia. However, Air Arabia achieved the highest load factor, closely followed by flynas and Jazeera, which results in a smaller variation in revenue per available seat kilometer (RASK) across the carriers. Regarding the cost per available seat kilometer (CASK), flynas and Jazeera have higher CASK than Air Arabia. Moreover, Air Arabia's low CASK can be attributed to several factors, including its in-house MRO operations, fuel efficiency initiatives, significant ownership stake (51%) in a ground-handling company located at their headquarters airport, and the high share of owned fleet. These combined efforts contribute to the airline's ability to maintain lower costs than its peers.

Figure 19: Financial Benchmarking



Note: flynas data includes scheduled flights only (i.e. excludes H&U and Nasjet), Air Arabia's ancillary revenues includes rental income, the associated cost cannot be segregated

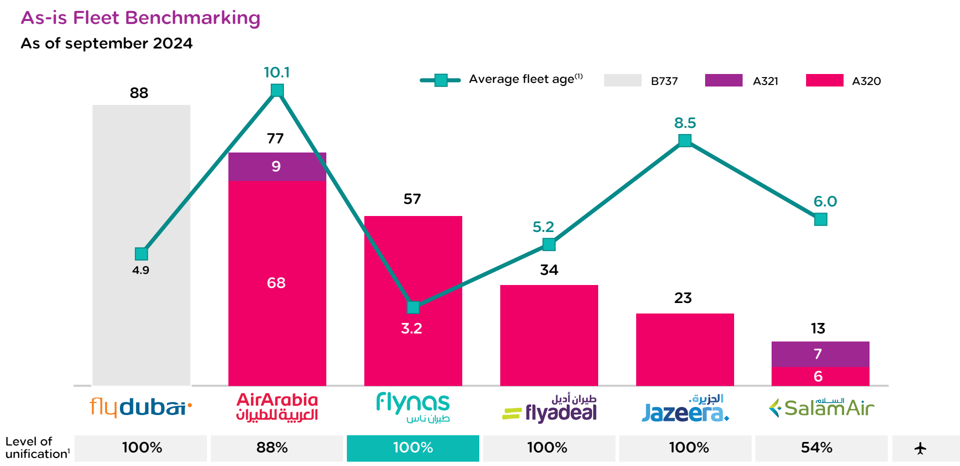
(1) Adjusted for stage length: CASK x (Current stage length / Target stage length)^0.5, target stage length is 1,600 km; Average flight length for LCC: Air Arabia 2,034 km; flynas: 1,484km; Jazeera Airways: 1,762km

Source: Annual Reports, Press releases, Kearney, flynas

Building on their existing fleet and ambitious expansion plans, regional LCCs are aiming to expand their reach and tap into new markets

With the exception of flydubai, the fleets of the benchmarked LCCs are predominantly comprised of aircraft from the A320 family. In contrast, flydubai distinguishes itself by exclusively using Boeing 737 aircraft and has the largest fleet with 88 aircraft. Looking at average fleet age, flynas has the youngest overall fleet (3.2 years) within the cohort of benchmarked LCCs.

Figure 20: As-is Fleet Benchmarking



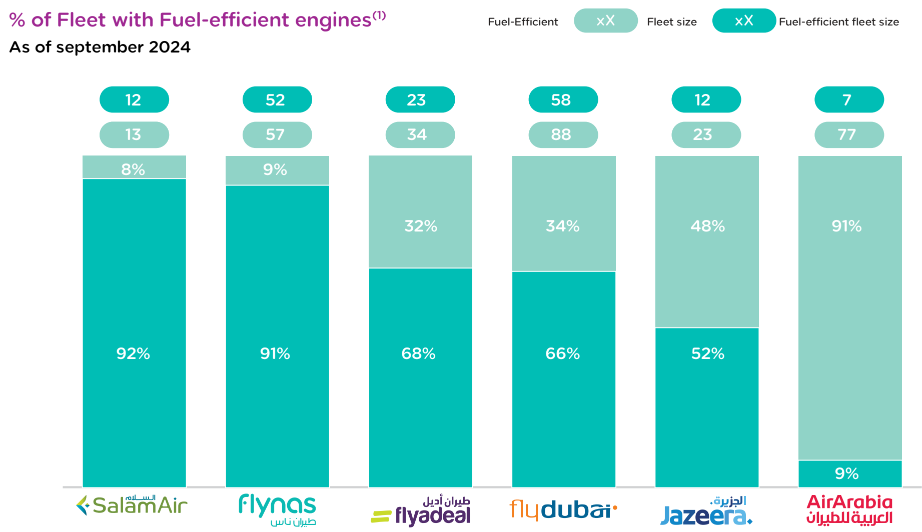
Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

(1) Displays the proportion of the most prevalent aircraft type in the fleet, expressed as a percentage of the total fleet size

Source: CAPA, Annual Reports, Kearney

When it comes to the number of aircraft equipped with fuel-efficient engines, SalamAir leads all airlines with flynas a close second; flynas' 91% share is driven by the newly acquired A320 Neo. Air Arabia has the lowest share among its peers, standing at 9%.

Figure 21: Percentage of Fleet with Fuel-Efficient Engines



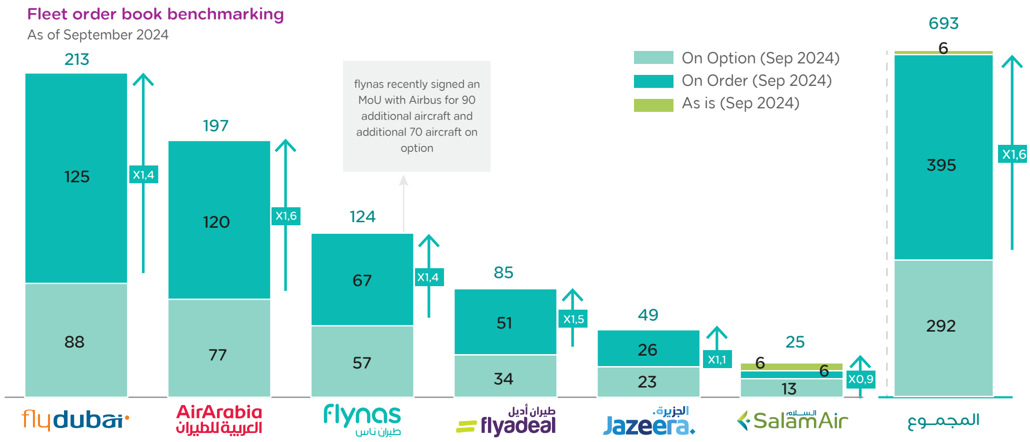
Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

(1) Includes eco-friendly aircraft models like the Airbus NEO, Embraer ERJ 190, Boeing MAX, and the latest Boeing 787 2. Depending on aircraft model and respective on cabin configuration

Source: CAPA, airline websites, Kearney analysis

In line with the growth of the aviation sector worldwide and specifically in the GCC, all LCCs are pursuing ambitious plans to expand their fleets, projecting to double them by 2031G. Driven by KSA's ambitious PAX target for 2030G, flynas in particular stands out with an aircraft order of 120 aircraft (53 received, 67 to be delivered) in addition to an MoU that was signed with Airbus in July for 90 additional aircraft (in addition to 70 on option). LCCs are increasing aircraft having medium long-haul range (up to 6,000 km), indicating a strategic move into the mid-haul market.

Figure 22: Fleet Order Book Benchmarking



Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

Source: CAPA, Annual Reports, Press releases, Kearney analysis

3.4.2 The international (non-GCC) competitive landscape

Similar to the regional dynamics, international LCCs tend to follow different business models

Figure 23: Airlines' Overall Positioning

As regional LCCs continue to expand their operations to European, Asia Pacific, and African markets as proven by their medium- to long-range aircraft order book, they will navigate a competitive landscape of regional and established international LCCs. International carriers were selected for benchmarking based on their strategic fit for the comparison with flynas, along with publicly available operational and financial data. Those carriers include IndiGo and SpiceJet, prominent Indian LCCs with a substantial market presence on routes linking KSA and Asia; Wizz Air, a Hungarian LCC, with established operations across Saudi-European routes; and Pegasus Airlines, a Turkish LCC with an extensive presence in KSA to the Middle East and North Africa routes as well as Europe.

The majority of non-GCC LCCs focus mostly on short-haul flights (0 to 2,000 km). IndiGo, for instance, primarily capitalizes on this market, representing close to 80% of its available seat kilometers (ASKs). Pegasus has the lowest share of short-haul flights, 45% of its ASKs. flynas and Spicejet have around 70% of their ASKs allocated to short-haul market. The difference of capacity shares among carriers underscores the implications of distinctive business models, from ULCCs to hybrid carriers.

Ultra low-cost carriers (ULCCs)

Wizz Air is a ULCC, operating a large homogeneous fleet of aircraft with 60% of its ASKs driven by short-haul flights (0 to 2,000 km). The airline uses code-sharing agreements, a single-cabin layout with a low seat pitch of only 28 inches, and a basic loyalty program. Wizz Air's pricing strategy is distinctly unbundled, incorporating a variety of ancillary fees.

Low-cost carriers (LCCs)

Pegasus is an LCC that is closely positioned to a ULCC with an emphasis on short-haul flights, which constitute 45% of the airline's total ASKs. It operates a fleet of multi-type aircraft while engaging in code-share agreements and interline partnerships. The airline has a basic loyalty program and a single-cabin layout with a seat pitch of 30 inches. Pegasus uses an unbundled pricing strategy.

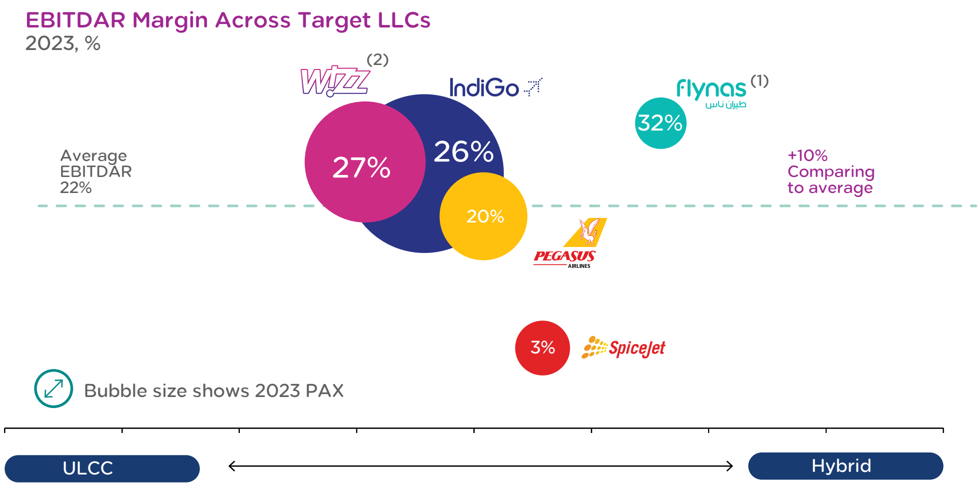
IndiGo is an LCC that operates 78% of its ASKs driven by short-haul flights (0 to 2,000 km) with a diverse aircraft fleet. The airline engages in code-share agreements and interline partnerships. Unlike most of its counterparts, IndiGo offers multiple cabin options, with a seat pitch of 30 inches for economy class and 45 inches for premium economy and a comprehensive FFP. However, it adheres to a fully unbundled pricing model that includes ancillary charges.

SpiceJet is also an LCC, operating a multi-type fleet with 71% of ASKs driven by short-haul flights (0 to 2,000 km). This airline has code-share partnerships and a single-cabin configuration with a low seat pitch of 30 inches. However, it offers a comprehensive FFP. SpiceJet's pricing is fully unbundled, featuring various ancillary fees.

Similarly, the chosen business model has direct implications on the financial performance of each LCC, including EBITDAR, yield, and CASK

There are significant deviations in LCCs' EBITDAR margins. The average among benchmarked airlines is 22%, with flynas having the highest EBITDAR margin at 32% followed by Wizz Air and Indigo at 27% and 26% respectively. In contrast, SpiceJet reports the lowest margin at 3%.

Figure 24: EBITDAR Margin Across Target LLCs



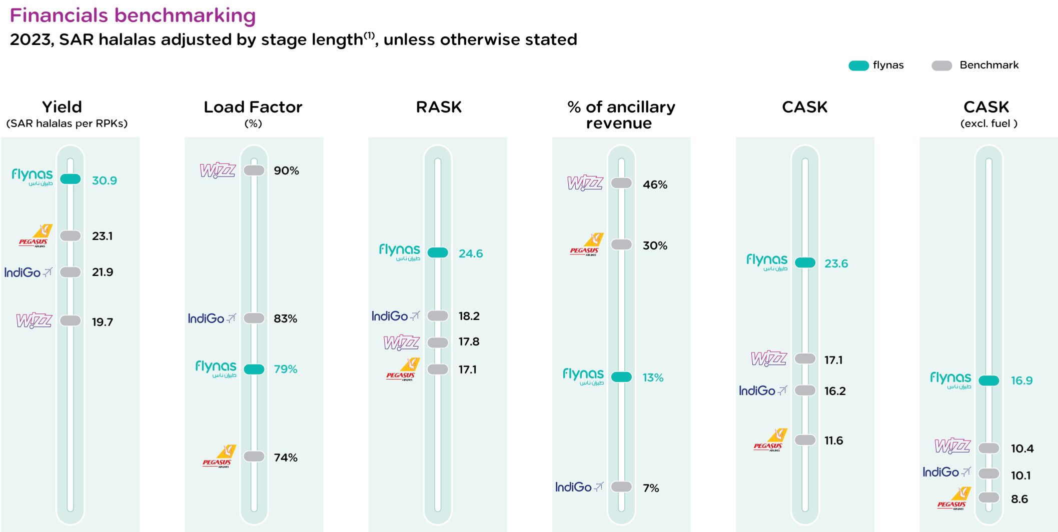
(1) flynas data includes scheduled flights only (i.e. excludes H&U and Nasjet)

(2) Wizz Air's ancillary revenue includes typical charges as well as accommodation, car rental, insurance, and repatriation among others

Source: Company reports, Kearney

Typical among higher-end LCCs, flynas has the highest yield, while Wizz Air has the lowest yield of 19.7 SAR halalas (typical for a ULCC carrier). In general, ULCCs also achieve high load factors, as evidenced by Wizz Air, which stands out with a load factor of 90%, followed by Indigo at 83%. flynas has the highest RASK of 24.6 SAR halalas, whereas Pegasus operates with a RASK at 17.1 SAR halalas.

Figure 25: Financials Benchmarking



Note: For IndiGo, Pegasus and Wizz Air, the 2023G financial figures are used, reflecting the fiscal reporting period that concludes on March, flynas data includes scheduled flights only (i.e. excludes H&U and Nasjet), Wizz Air's ancillary revenue includes typical charges as well as accommodation, car rental, insurance, and repatriation among others

(1) Adjusted for stage length: CASK x (Current stage length / Target stage length)^0.5, target stage length is 1,600 km; Average flight length for LCC: flynas: 1,484km; IndiGo: 1,085km; Pegasus 1,345km; SpiceJet 1,296km; Wizz Air 1,603km

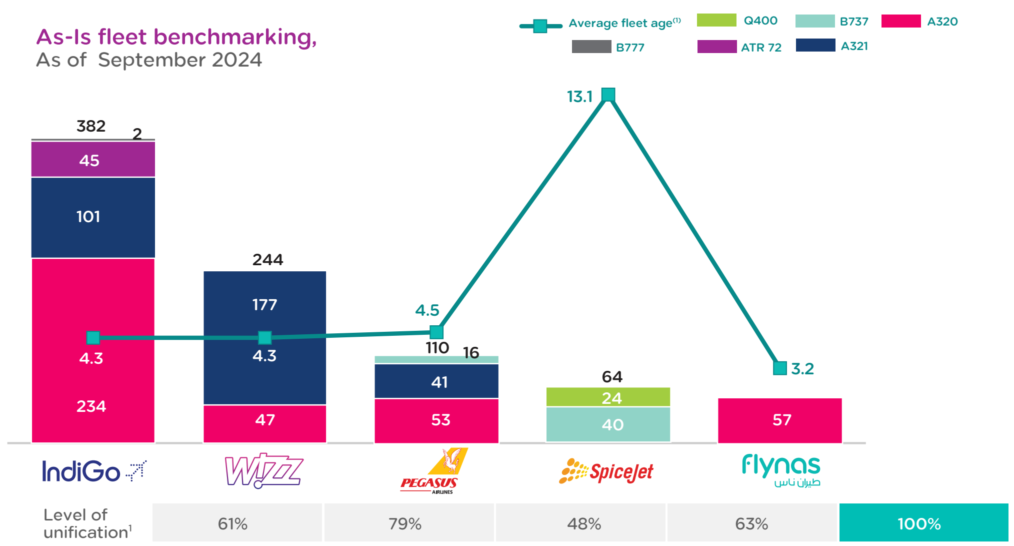
Source: Annual Reports, Press releases, Kearney

When analyzing CASK, flynas has the highest at 23.6 SAR halalas, whereas Pegasus operates at less than half the cost at 11.6 SAR halalas. Noticeably, fuel CASK is typically 30% to 40% of the overall CASK with limited variance across the LCCs.

Similar to regional LCCs, international LCCs also have ambitious plans to expand their reach and tap into new markets

As with the GCC airlines, the fleets of the benchmarked non-GCC LCCs are primarily composed of aircraft from the Airbus A320 and A321 families, with the exception of SpiceJet, which mostly operates Boeing 737 aircraft. IndiGo on top of its large fleet of A321 aircraft also operates ATR aircraft. Regarding average fleet age, flynas has the youngest fleet among the non-GCC carriers.

Figure 26: As-is Fleet Benchmarking



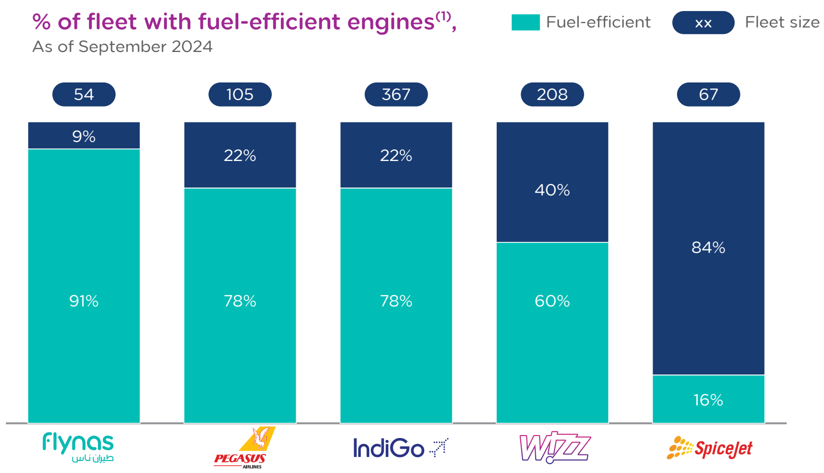
Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

(1) Displays the proportion of the most prevalent aircraft type in the fleet, expressed as a percentage of the total fleet size

Source: CAPA, Annual Reports, Press releases, Kearney

From a sustainability perspective, flynas stands out with 91% of its fleet equipped with fuel-efficient engines. Following closely behind are Pegasus and IndiGo, both holding a 78% share. In contrast, SpiceJet has the smallest share with only 16%.

Figure 27: Percentage of Fleet with Fuel-Efficient Engines



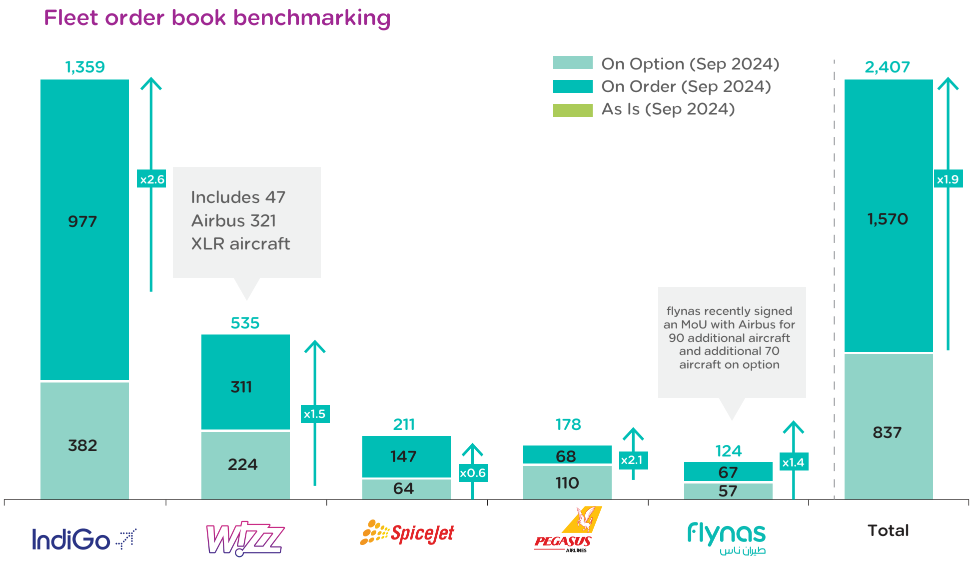
Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

(1) Includes eco-friendly aircraft models like the Airbus NEO, Embraer ERJ 190, Boeing MAX, 787 as well as ATR 72-600 equipped with the PW127XT-M engines

Source: CAPA, Kearney analysis

Non-GCC LCCs are pursuing fleet expansion, with a substantial increase expected, likely driven by projected market growth. Notably, LCCs are prioritizing medium- to long-range aircraft, signaling a strategic shift toward med/long-haul routes. IndiGo and Wizz Air are strategically planning to expand their fleets by 977 and 311 aircraft respectively, of which 64 and 47 respectively will be Airbus A321XLR models.

Figure 28: Fleet Order Book Benchmarking



Note: flynas' fleet excludes 4 A330 dedicated to Hajj & Umrah operations

Source: CAPA, Annual Reports, Press releases, Kearney

4. Company Overview and the Nature of its Business

4.1 Overview

flynas Company is a Saudi joint stock company pursuant to Ministry of Commerce Resolution No. Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), registered under Commercial Registration No. 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). Its registered address is 8018 – Unit 6, 4040 Abu Bakr Al-Siddiq Road, Al Rabie District, P.O. Box 305161, Riyadh 13316, Kingdom of Saudi Arabia.

The Company was established on 26/08/1431H (corresponding to 07/08/2010G) as a limited liability company under the name “NasAir Limited Liability Company” with a fully paid-up capital of SAR 300,000, divided into 30,000 shares with an equal nominal value of SAR 10 per share. It was registered in Riyadh under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). On 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name “flynas Company”, pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G). The Company’s capital has been increased twice since its incorporation. The Company’s capital was first increased pursuant to the Partners’ resolution dated 19/03/1438H (corresponding to 18/12/2016G), whereby the capital of the Company was increased from SAR 300,000 to 1,534,250,000, divided into 153,425,000 shares with an equal nominal value of SAR 10 each, representing an increase of approximately 511,316.7% of the Company’s capital. The increase was fulfilled through (i) a cash contribution from NAS Holding in the amount of SAR 435,806, and (ii) the capitalization of SAR 1,533,514,194 from the capital contributions account. Thereafter, on 19/12/1445H (corresponding to 25/06/2024G), the Extraordinary General Assembly of the Company approved an increase in the Company’s capital from SAR 1,534,250,000 to SAR 1,708,518,930, divided into 170,851,893 ordinary shares with an equal nominal value of SAR 10 per share, representing an increase of approximately 11.36% of the capital, through the issue and Offering of 17,426,893 new shares for public subscription. The Company’s ownership structure has undergone several changes since its incorporation on 21/09/1431H (corresponding to 31/08/2010G). At incorporation, the Company’s shares were owned by NAS Holding, which owned 29,400 shares, representing 98% of the Company’s capital, and National Flight Services Company, with 600 shares, representing 2% of the Company’s capital. On 27/06/1432H (corresponding to 30/05/2011G), the National Flight Services Company transferred its entire ownership in the Company in the amount of 600 shares with a nominal value of SAR 10 per share, representing 2% of the Company’s capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of SAR 6,000. On 19/03/1438H (corresponding to 18/12/2016G), NAS Private Aviation Company transferred its entire shareholding of 600 shares in the Company, with a nominal value of SAR 10 per share, representing 2% of the Company’s capital at the time of transfer, to NAS Holding, in exchange for a cash amount of SAR 6,000. Finally, on 06/10/1445H (corresponding to 15/04/2024G), NAS Holding transferred all its shares in the Company, amounting to 153,425,000 ordinary shares with an equal nominal value of SAR 10 per share to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of 59,860,298 shares with an equal nominal value of SAR 10 each, representing 39.016% of the Company’s share capital; (ii) Kingdom Holding Company in the amount of 56,885,387 shares with an equal nominal value of SAR 10 each, representing 37.077% of the Company’s share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of 13,525,948 shares with an equal nominal value of SAR 10 each, representing 8.816% of the Company’s share capital; (iv) Mawarid Investment Company in the amount of 7,502,483 shares with an equal nominal value of SAR 10 each, representing 4.890% of the Company’s share capital; (v) Hamza Bahi Adeen Alsayed Al Kholi in the amount of 3,676,063 shares with an equal nominal value of SAR 10 each, representing 2.396% of the Company’s share capital; (vi) Saudi General Investment Trading and Services Company in the amount of 1,838,032 shares with an equal nominal value of SAR 10 each, representing 1.198% of the Company’s share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of 1,251,948 shares with an equal nominal value of SAR 10 each, representing 0.816% of the Company’s share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of 564,604 shares with an equal nominal value of SAR 10 each, representing 0.368% of the Company’s share capital. In addition, NAS Holding transferred its shares held directly in the Company to the Company, amounting to 8,320,237 shares with an equal nominal value of SAR 10 per share, which was approved by the Company’s Extraordinary General Assembly under its resolution issued on 27/11/1445H (corresponding to 04/06/2024G), representing 5.423% of the Company’s share capital, to be held as treasury shares for use thereof to finance the Company’s reward and incentive program (for further information regarding the Company’s history and evolution of share capital, please refer to Section 4.1.2 “**Corporate History and Evolution of Share Capital**” of this Prospectus).

As of the date of this Prospectus, the Company's capital is SAR 1,534,250,000, divided into 153,425,000 ordinary shares with a fully paid nominal value of SAR 10 per share. The Company's capital post-Offering will be SAR 1,708,518,930, divided into 170,851,893 ordinary shares with a nominal value of SAR 10 per share, as a result of the Company's capital increase through the issue and Offering of 17,426,893 new shares (representing 10.2% of the Company's capital post-Offering) for public subscription.

The Company is a leading low-cost airline and the largest independent airline in the Kingdom in terms of both revenue and passenger numbers. The Company started operations as a business unit within NAS Holding in 2007G, as the first low-cost airline in the Kingdom and, as a result of the successful implementation of its low-cost strategy targeted at serving the Saudi market, has experienced rapid expansion of its operations both in domestic and international routes, as well as in Hajj and Umrah travel. During the period between 2013G and until 2023G, the compound annual growth rate of the number of passengers served under flynas LCC and flynas Hajj and Umrah business segments was 12.3% and 13.5%, respectively, which compares favorably against the passenger compound annual growth rate in the overall Saudi market, which, according to the General Authority of Civil Aviation was 5.9% during the period between 2013G and 2023G.

As of the date of this Prospectus, the Company does not own any subsidiaries.

Pursuant to its Bylaws, the Company's activities consist of the following:

- repair of transportation equipment excluding motor vehicles;
- air transport of individuals;
- cargo handling;
- other transport support activities;
- activities of operating agencies;
- activities of travel agencies; and
- activities of tour operators.

Pursuant to the Company's main and branch commercial registration certificates, the Company's activities consist of the following:

- travel and tourism agency;
- aircraft repair and maintenance;
- scheduled air transport of individuals;
- non-scheduled air transport of individuals;
- on-demand air carrier;
- operating airplanes for non-commercial purposes;
- loading and unloading of cargo airplanes;
- airplane brokerage services;
- brokerage in the sale of airplane spare parts and simulation devices; and
- providing services for Umrah performers and visitors to the Prophet's Mosque from outside the Kingdom.

The Company's net income for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G was SAR 19.8 million, SAR 171.8 million, SAR 401.3 million, SAR 326.9 million and SAR 492.6 million respectively, with total revenues of SAR 2,673.3 million, SAR 4,809.3 million, SAR 6,362.2 million, SAR 4,899.2 million and SAR 5,891.3 million for the same periods, respectively. As of 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, the total value of the Company's assets was SAR 7,431.4 million, SAR 9,648.1 million, SAR 12,864.7 million and SAR 13,667.6 million, respectively, and its total liabilities was SAR 6,753.9 million, SAR 8,808.9 million, SAR 11,638.5 million and SAR 11,948.9 million for the same periods, respectively (for further information, please refer to Section 6 "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" of this Prospectus).

As of 30 September 2024G, the Company employed 2,624 employees 52.4% of whom were Saudi nationals) (for further information, please refer to Section 4.15 "**Employees**" of this Prospectus).

4.1.1 The Company's Ownership Structure Pre- and Post-Offering

As of the date of this Prospectus, the Company's capital is SAR 1,534,250,000, divided into 153,425,000 ordinary shares with a fully paid nominal value of SAR 10 per share. The Company's capital post-Offering will be SAR 1,708,518,930, divided into 170,851,893 ordinary shares with a nominal value of SAR 10 per share, as a result of the Company's capital increase through the issue and Offering of 17,426,893 new shares (representing 10.2% of the Company's capital post-Offering) for public subscription.

The following table shows the Company's ownership structure pre- and post-Offering:

Table 4.1: The Company's Ownership Structure Pre- and Post-Offering

#	Shareholder[1]	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Shareholding %	Number of Shares	Overall Nominal Value (SAR)	Shareholding %
1.	National Flight Services Company	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
2.	Kingdom Holding Company	56,885,387	568,853,870	37.077%	46,885,320	468,853,200	27.442%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	135,259,480	8.816%	11,148,178	111,481,780	6.525%
4.	Mawarid Investment Company	7,502,483	75,024,830	4.890%	6,183,597	61,835,970	3.619%
5.	Hamza Bahi Adeen Alsayed Al Kholi	3,676,063	36,760,630	2.396%	3,029,836	30,298,360	1.773%
6.	Saudi General Investment Trading and Services Company	1,838,032	18,380,320	1.198%	1,514,918	15,149,180	0.887%
7.	Salman Mohammed Khalid Bin Hethlain	1,251,948	12,519,480	0.816%	1,031,864	10,318,640	0.604%
8.	Yousef Abdulsattar Al Maimani	564,604	5,646,040	0.368%	465,350	4,653,500	0.273%
9.	The Company – Treasury Shares	8,320,237	83,202,370	5.423%	N/A	N/A	N/A
10.	Public	N/A	N/A	N/A	51,255,568	512,555,680	30%
Total		**153,425,000**	**1,534,250,000**	**100%**	**170,851,893**	**1,708,518,930**	**100%**

(1) None of the direct Shareholders owns any of the Company's Shares indirectly as of the date of this Prospectus.

Source: Company's information

4.1.2 Corporate History and Evolution of Share Capital

A. Incorporation (2010G)

In 2010G, the Company was established as a limited liability company under the name "NasAir Limited Liability Company" and registered under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G), with a paid-up capital of SAR 300,000 divided into 30,000 shares of equal nominal value of SAR 10 each.

The following table sets out the ownership structure of the Company at incorporation:

Table 4.2: The Company's Ownership Structure as of 26/08/1431H (corresponding to 07/08/2010G):

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership %
1.	NAS Holding	29,400	10	294,000	98%
2.	National Flight Services Company	600	10	6,000	2%
Total		**30,000**	**-**	**300,000**	**100%**

Source: Company's information

B. Change of Ownership Structure (2011G)

In 2011G, the National Flight Services Company transferred its entire shareholding in the Company in the amount of 600 shares with a nominal value of SAR 10 each, representing 2% of the Company's capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of SAR 6,000.

The following table sets out the ownership structure of the Company as of 27/06/1432H (corresponding to 30/05/2011G):

Table 4.3: The Company's Ownership Structure as of 27/06/1432H (corresponding to 30/05/2011G):

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership %
1.	NAS Holding	29,400	10	294,000	98%
2.	NAS Private Aviation Company	600	10	6,000	2%
Total		**30,000**	**-**	**300,000**	**100%**

Source: Company's information

C. Change of Ownership Structure and Capital Increase (2016G)

In 2016G, NAS Private Aviation Company transferred its entire shareholding in the Company in the amount of 600 shares with a nominal value of SAR 10 each, representing 2% of the Company's capital at the time of transfer, to NAS Holding, in exchange for a cash amount of SAR 6,000.

Simultaneously, and pursuant to the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), the capital of the Company was increased from SAR 300,000 to SAR 1,534,250,000 divided into 153,425,000 ordinary shares with an equal nominal value of SAR 10 each. The capital increase was fulfilled through (i) a cash contribution from NAS Holding in the amount of SAR 435,806 and (ii) the capitalization of SAR 1,533,514,194 from the capital contributions account.

The following table sets out the ownership structure of the Company as of 19/03/1438H (corresponding to 18/12/2016G):

Table 4.4: The Company's Ownership Structure as of 19/03/1438H (corresponding to 18/12/2016G):

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership %
1.	NAS Holding	153,425,000	10	1,534,250,000	100%
Total		**153,425,000**	**-**	**1,534,250,000**	**100%**

Source: Company's information

D. Conversion to a Closed Joint Stock Company (2017G)

In 2017G, pursuant to Ministry of Commerce Resolution No. Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name "flynas LCC", pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G) and in accordance with the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), with a paid-up capital of SAR 1,534,250,000, divided into 153,425,000 ordinary shares of equal nominal value of SAR 10 each.

The following table sets out the ownership structure of the Company following its conversion to a closed joint stock company:

Table 4.5: The Company's Ownership Structure as of 02/06/1438H (corresponding to 28/02/2017G):

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %*
1.	NAS Holding	153,425,000	10	1,534,250,000	100%
Total		**153,425,000**	**-**	**1,534,250,000**	**100%**

Source: Company's information

E. Change of Ownership Structure (2024G)

In 2024G, NAS Holding transferred its entire shareholding in the Company in the amount of 153,425,000 ordinary shares with an equal nominal value of SAR 10 each to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of 59,860,298 shares with a nominal value of SAR 10 each, representing 39.016% of the Company's share capital; (ii) Kingdom Holding Company in the amount of 56,885,387 shares with an equal nominal value of SAR 10 each, representing 37.077% of the Company's share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of 13,525,948 shares with an equal nominal value of SAR 10 each, representing 8.816% of the Company's share capital; (iv) Mawarid Investment Company in the amount of 7,502,483 shares with an equal nominal value of SAR 10 each, representing 4.890% of the Company's share capital; (v) Hamza Bahi Adeen Al Kholi in the amount of 3,676,063 shares with an equal nominal value of SAR 10 each, representing 2.396% of the Company's share capital; (vi) Saudi General Investment Trading & Services Company in the amount of 1,838,032 shares with an equal nominal value of SAR 10 each, representing 1.198% of the Company's share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of 1,251,948 shares with an equal nominal value of SAR 10 per share, representing 0.816% of the Company's share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of 564,604 shares with an equal nominal value of SAR 10 per share, representing 0.368% of the Company's share capital. The remaining 8,320,237 shares with an equal nominal value of SAR 10 each, representing 5.423% of the Company's share capital, were transferred to the Company to hold as treasury shares for use thereof to finance the Company's reward and incentive program.

The following table sets out the ownership structure of the Company as of 06/10/1445H (corresponding to 15/04/2024G):

Table 4.6: The Company's Ownership Structure as of 06/10/1445H (corresponding to 15/04/2024G):

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %*
1.	National Flight Services Company	59,860,298	10	598,602,980	39.016%
2.	Kingdom Holding Company	56,885,387	10	568,853,870	37.077%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	10	135,259,480	8.816%
4.	Mawarid Investment Company	7,502,483	10	75,024,830	4.890%
5.	Hamza Bahi Adeen Alsayed Al Kholi	3,676,063	10	36,760,630	2.396%
6.	Saudi General Investment Trading and Services Company	1,838,032	10	18,380,320	1.198%
7.	Salman Mohammed Khalid Bin Hethlain	1,251,948	10	12,519,480	0.816%
8.	Yousef Abdulsattar Qassem Al Maimani	564,604	10	5,646,040	0.368%
9.	The Company – Treasury Shares	8,320,237	10	83,202,370	5.423%
Total		**153,425,000**	**-**	**1,534,250,000**	**100%**

* The numbers in this table have been rounded to the nearest integer.

Source: Company's information

4.1.3 Overview of the Company's Direct Shareholders

As of the date of this Prospectus, the Company has eight Shareholders, including three Substantial Shareholders who each directly own 5% or more of the Company's share capital, namely (1) National Flight Services Company; (2) Kingdom Holding Company; and (3) Nasser bin Ibrahim Rashid Al Rashid. The Company's direct Shareholders include four corporate entities, details of which are as follows:

A. National Flight Services Company

National Flight Services Company is a Saudi limited liability company registered in Riyadh under commercial registration number 4030120979, dated 19/10/1417H (corresponding to 27/02/1997G). As of the date of this Prospectus, the paid-up share capital of National Flight Services Company is SAR 500,000, divided into 100 shares with an equal nominal value of SAR 5,000 each.

According to its articles of association, National Flight Services Company's activities include operation, maintenance and cleaning of facilities and other services, tourism, restaurants, hotels, exhibition organization, transportation, refrigeration and warehousing.

The following table shows National Flight Services Company's ownership structure as of the date of this Prospectus:

Table 4.7: The Ownership Structure of National Flight Services Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership %
1.	Khalid bin Sultan bin Abdulaziz Al Saud	100	5,000	500,000	100%
Total		**100**	**5,000**	**500,000**	**100%**

Source: Company's information

B. Kingdom Holding Company

Kingdom Holding Company is a Saudi joint stock company registered in Riyadh under commercial registration number 1010142022, dated 11/01/1417H (corresponding to 28/05/1996G). As of the date of this Prospectus, the share capital of Kingdom Holding Company is SAR 37,058,823,000, divided into 3,705,882,300 ordinary shares with a fully-paid nominal value of SAR 10 per share.

According to Kingdom Holding Company's profile on the website of the Exchange, its main activities include management of hotels, real estate and serviced properties, media and publication services, entertainment, financial and investment services, social media networks and technology, petrochemicals, medical services, education, aviation and transportation.

The below table sets out the ownership structure of Kingdom Holding Company as reported on the website of the Exchange on 27/02/1446H (corresponding to 31/08/2024G):

Table 4.8: The Ownership Structure of Kingdom Holding Company as of 27/02/1446H (corresponding to 31/08/2024G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Shareholding %
1.	Alwaleed bin Talal bin Abdulaziz Al Saud	2,895,588,185	10	28,955,881,850	78.135%
2.	Public Investment Fund (PIF)	625,000,000	10	6,250,000,000	16.865%
3.	Other shareholders(1)	185,294,115	10	1,852,941,150	5%
Total		**3,705,882,300**	**10**	**37,058,823,000**	**100%**

(1) Other Shareholders' ownership represents the free shares in Kingdom Holding Company.

Source: The Exchange

Details of Kingdom Holding Company's substantial corporate shareholder which directly owns 5% or more of its share capital are as follows:

(i) PIF

PIF was established by Royal Decree No. M/24, dated 25/06/1391H (corresponding to 17/08/1971G), and is a wholly owned fund by the government of the Kingdom, regulated by the Law of the Public Investment Fund issued pursuant to Royal Decree No. M/92, dated 12/08/1440H (corresponding to 17/04/2019G). PIF was established to provide financing support for projects of strategic significance to the national economy, and its role has evolved to incorporate a number of different areas. In March 2015G, the Council of Ministers issued a decree to transfer oversight of PIF to the Council of Economic and Development Affairs (CEDA). As part of this process, a new PIF Board was appointed, chaired by His Royal Highness Crown Prince Mohammad bin Salman Al-Saud. To help achieve the Kingdom's vision of a sustainable, diversified economy, the PIF board has taken several steps to clearly define PIF's vision and strategic objectives in line with the Kingdom's Vision 2030.

PIF is developing a portfolio of high quality domestic and international investments, diversified across sectors, geographic areas and different asset classes. Working alongside global strategic partners and renowned investment managers, PIF acts as the Kingdom's main investment arm to implement a strategy focused on achieving attractive financial returns and long-term value for the Kingdom.

PIF aims to be a global investment powerhouse and the world's most impactful investment fund, enabling the creation of new sectors and opportunities that will shape the future global economy, while driving the economic transformation of the Kingdom. PIF's mission is to actively invest over the long term to maximize sustainable returns, be the investment partner of choice for global opportunities and enable the economic development and diversification of the Saudi economy.

C. Mawarid Investment Company

Mawarid Investment Company is a Saudi limited liability company registered in the city of Riyadh under commercial registration number 1010023476, dated 29/07/1399H (corresponding to 24/06/1979G). As on the date of this Prospectus, the paid-up share capital of Mawarid Investment Company is SAR 8,000,000, divided into 8,000 shares with a nominal value of SAR 1,000 per share.

According to the Memorandum of Association of Mawarid Investment Company, its activities include establishing economic projects, as well as establishing, exploiting and managing industrial, agricultural and tourism projects.

The following table sets out the ownership structure of Mawarid Investment Company as of the date of this Prospectus:

Table 4.9: Ownership Structure of Mawarid Investment Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
1.	Mawarid Holding Company	7,920	1,000	7,920,000	99%
2.	Al Khalidiya Company	80	1,000	80,000	1%
Total		**8,000**	**-**	**8,000,000**	**100%**

Source: Company's information

Following are the details of the companies with holdings in Mawarid Investment Company:

(i) Mawarid Holding Company

Mawarid Holding Company is a Saudi limited liability company registered in the city of Riyadh under commercial registration number 1010022389, dated 12/06/1399H (corresponding to 09/05/1979G). As of the date of this Prospectus, the paid-up share capital of Mawarid Holding Company is SAR 10,000,000, divided into 10,000 shares with a nominal value of SAR 1,000 per share.

The following table sets out the ownership structure of Mawarid Holding Company as of the date of this Prospectus:

Table 4.10: Ownership Structure of Mawarid Holding Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
1.	Khalid bin Abdullah bin Abdulrahman Al Saud	9,800	1,000	9,800,000	98%
2.	Fahd bin Khalid bin Abdullah Al Saud	200	1,000	200,000	2%
Total		**10,000**	-	**10,000,000**	**100%**

Source: Company's information

(ii) Al Khalidiya Company

Al Khalidiya Company is a Saudi limited liability company registered in the city of Riyadh under commercial registration number 1010057901, dated 19/05/1405H (corresponding to 09/02/1985G). As of the date of this Prospectus, the paid-up share capital of Al Khalidiya Company is SAR 1,000,000, divided into 100,000 shares with a nominal value of SAR 10 per share.

Table 4.11: Ownership Structure of Al Khalidiya Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
1.	Mawarid Holding Company	99,000	10	990,000	99%
2.	Fahd bin Khalid bin Abdullah Al Saud	1,000	10	10,000	1%
Total		**100,000**	-	**10,000,000**	**100%**

Source: Company's information

D. Saudi General Investment Trading and Services Company

Saudi General Investment Trading and Services Company is a Saudi limited liability company registered in the city of Riyadh under commercial registration number 4030125591, dated 13/07/1419H (corresponding to 03/11/1998G). As of the date of this Prospectus, the paid-up share capital of Saudi General Investment Trading and Services Company is SAR 500,000, divided into 100 shares with a nominal value of SAR 5,000 per share.

The following table sets out the ownership structure of Saudi General Investment Trading and Services Company as of the date of this Prospectus:

Table 4.12: Ownership Structure of Saudi General Investment Trading and Services Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal Value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
1.	Hadhan Holding Limited	90	5,000	450,000	90%
2.	Saud Abdulaziz Abdullah Al-Suleiman	10	5,000	50,000	10%
Total		**100**	-	**500,000**	**100%**

Source: Company's information

(i) Hadhan Holding Limited

Hadhan Holding Limited is a Saudi limited liability company registered in the city of Riyadh under commercial registration number 4030320144, dated 29/07/1399H (corresponding to 24/06/1979G). As of the date of this Prospectus, the paid-up capital of Hadhan Holding Limited is SAR 500,000, divided into 100 shares with a nominal value of SAR 5,000 per share.

The following table sets out the ownership structure of Hadhan Holding Limited as of the date of this Prospectus:

Table 4.13: Ownership Structure of Saudi General Investment Trading and Services Company as of the Date of this Prospectus

#	Partner	Number of Shares	Nominal value per Share (SAR)	Total Nominal Value (SAR)	Ownership Percentage (%)
1.	Abdulaziz Abdullah Al-Suleiman	90	5,000	450,000	90%
2.	Saud Abdulaziz Al-Suleiman	10	5,000	50,000	10%
Total		**100**	**-**	**500,000**	**100%**

Source: Company's information

4.1.4 Overview of the Company's Indirect Substantial Shareholders

The below table sets out the details of the Company's indirect substantial shareholders:

Table 4.14: The Company's Substantial Shareholders by Indirect Ownership as of the Date of this Prospectus

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Overall Nominal Value (SAR)	Shareholding %(1)	Number of Shares	Overall Nominal Value (SAR)	Shareholding %(1)
Khalid bin Sultan bin Abdulaziz Al Saud	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
Alwaleed bin Talal bin Abdulaziz Al Saud	44,447,223	444,472,230	28.970%	36,634,063	366,340,630	21.442%
Public Investment Fund (PIF)	9,593,665	95,936,650	6.255%	7,907,026	79,070,260	4.628%
Total	**113,901,186**	**1,139,011,860**	**74.241%**	**93,878,351**	**938,783,510**	**54.947%**

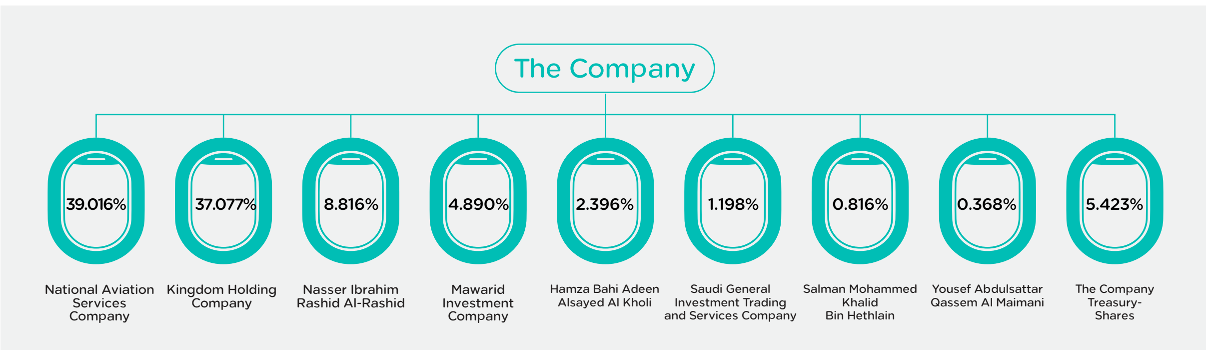
* The numbers in this table have been rounded to the nearest integer.

Source: Company's information

4.1.5 Company Structure

The following figure represents the Company's structure as of the date of this Prospectus:

Figure 29: The Company's Structure as of the date of this Prospectus



Source: Company's information

4.1.6 Overview of the Company's Subsidiaries

The Directors declare that the Company does not have any subsidiaries as of the date of this Prospectus.

4.1.7 Overview of the Company's Branches

The Company has 3 branches in the Kingdom and 4 branches outside the Kingdom. The following table sets out the details of the Company's registered branches as of the date of this Prospectus:

Table 4.15: Company Branches as of the Date of this Prospectus

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Commercial Registration Certificate Expiration Date
Registered Branches Within the Kingdom				
1.	Al-Basateen District, Jeddah	4030298201	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
2.	King Fahd District, Makkah	4031102209	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
3.	Al Raya District, Medina	4650083751	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
Branches Registered Outside of the Kingdom				
4.	Nasr City, Egypt	78989	07/03/1436H (corresponding to 29/12/2014G)	12/08/1450H (corresponding to 18/12/2029G)
5.	Ergenekon, Turkey	902689	12/03/1435H (corresponding to 13/01/2014G)	Until the Company's term expires
6.	Hydra, Algeria	18 O 0999920-00/16	29/05/1439H (corresponding to 15/02/2018G)	Until the Company's term expires
7.	Dorian, Casablanca, Morocco	17070	19/10/1444H (corresponding to 09/05/2023G)	12/11/1546H (corresponding to 10/05/2122G)

Source: Company's information

4.2 The Company's Vision, Mission, Strategy and Competitive Advantages

4.2.1 The Company's Vision

The Company's vision is to be the leading LCC in the MENA for short- and medium-haul flights.

4.2.2 The Company's Mission

The Company's mission is to deliver a seamless and memorable travel experience at the most competitive prices, through its modern fleet of aircraft, innovative services, and an expanding network of destinations that link the world to the Kingdom.

4.2.3 The Company's Strategy

The Company has a comprehensive strategy towards 2030G, capitalizing on the high growth expected in the Kingdom and targets to become the leading low-cost airline in the MENA.

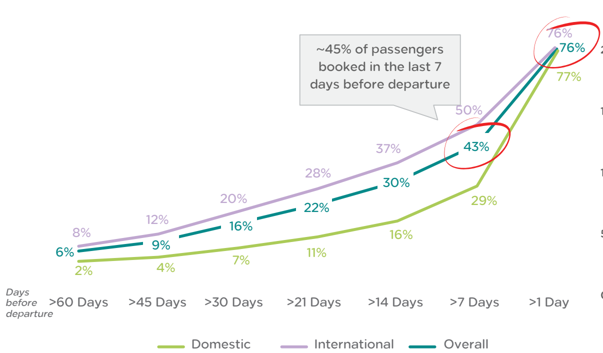
A. Network and Fleet Strategy

The bulk of the current passenger demand in the Kingdom is for short, medium and medium-long haul journeys (up to 6,000 kilometers), and benefits from late booking patterns that provide good cost predictability, and limited seasonal variations ensure even utilization of assets.

Figure 30: Late Booking Patterns, Good Predictability of Costs, and Even Utilization of Assets

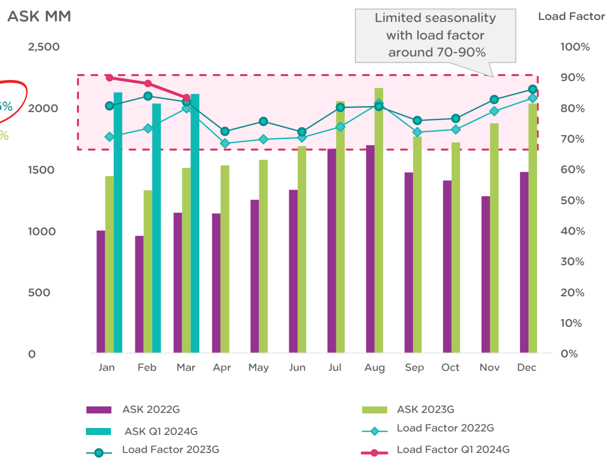
Late Booking Patterns a Driver of RASK Maximization and Cost Predictability

Scheduled Operations, Capacity Booking Curvel1), LTM March 24G



Market Fundamentals and Successful Network Planning Limiting the Impact of Seasonal Patterns

Scheduled Operations, Monthly ASK and Load Factor 2022G - Q1 2024G

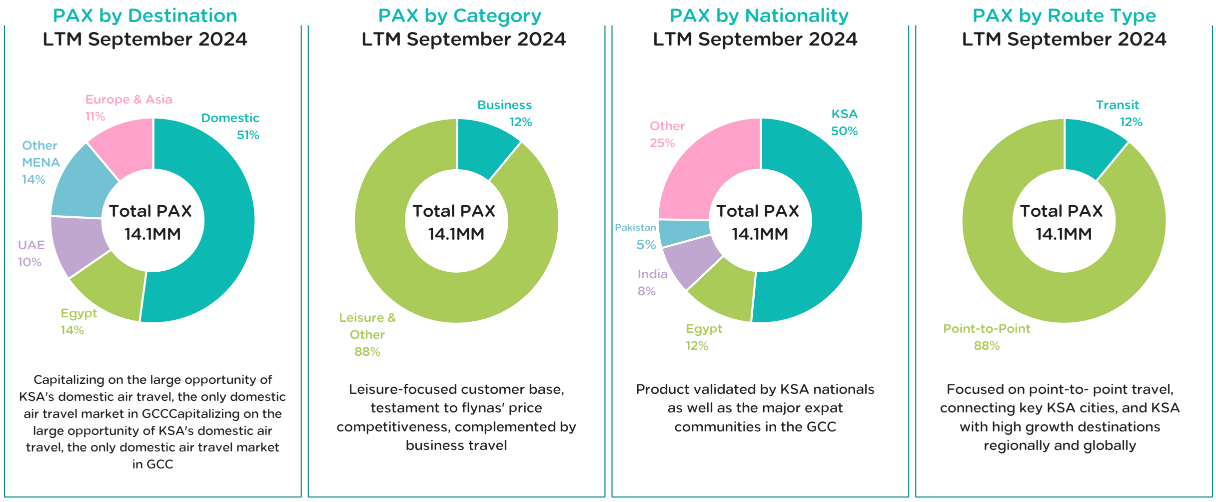


Source: Company's information

On the assumption that the demand mix remains similar until 2030G, the Company intends to retain its primary focus across all the aforementioned journey categories. The Company currently has operational bases in Riyadh, Jeddah, Madinah and Dammam. It aims to expand by adding new operational bases with large catchment covering over 80% of the population in the Kingdom by 2030G.

The Company aims to strengthen its market share on key routes in the domestic market to ensure strong positioning as one of the leading LCC airlines on such routes. The Company intends to continue concentrating on existing international routes and markets that have potential for high-volume operations, with a special focus on increasing the number of destinations, routes and flights within the GCC and MENA. Further, it targets extending the route network to international unserved markets, through the pursual of its "blue-ocean strategy" and to take advantage of the "first mover advantage". Under this strategy, airlines try to look for a new market space and, at least on part of their product portfolio, make the competition irrelevant. On the same lines, the Company has started more than 35 routes in last six (6) years where it was the first airline at that time to launch operations to take the "first mover advantage". In particular, the Company plans to leverage the Kingdom's tourism strategy by expanding to parts of Europe, and to focus on the large South Asian communities in the Kingdom. The Company also intends to directly connect some of its domestic stations (non-operational bases) with international destinations. This expansion is targeted to ensure that the Company's destination portfolio covers differing market segments including business and leisure travel, tourism, religious pilgrimages to the Kingdom, and visits to friends and relatives (VFR). This is expected to diversify revenue streams and amplify opportunities for profit. In addition, while the focus is on point-to-point traffic, the Company considers appropriate opportunities to increase transit flights.

Figure 31: Company PAX Contribution by Category



Source: Company's information, Kearney, Euromonitor

As of the date of the Prospectus, the Company has confirmed a firm purchase order with Airbus for 195 narrow-body aircraft, including 159 A320neo aircraft and 36 A321neo aircraft. In addition, the Company has concluded a separate aircraft purchase agreement with Airbus for the purchase of 30 wide-body A330neo aircrafts. This agreement includes a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. As of 30 September 2024G, 53 narrow-body A320 aircrafts have been received and the Company still expects to receive 157 remaining aircrafts on a firm order basis. As part of this strategy, the Company seeks to: (i) grow its planned fleet to become one of the largest operators of A320neo aircrafts in the MENA; and (ii) upsize its A321neo aircraft order to approximately 36 aircrafts in order to achieve its strategy for expanding its network and stations.

Using the A320neo aircrafts, the Company plans to have its network within 5 to 6 hours flying distance in Europe, West Asia and Northern/Central Africa and the Indian sub-continent. Once the A321neo is part of the Company's fleet, the Company can extend its range further to 7 or 8 hours flying distance and some long haul destinations can be added to its network.

In addition, the Company is planning to add a widebody fleet to cover long range and high-density markets to meet the demands of religious travel (Hajj and Umrah) in locations such as South-East Asia, Morocco, West Africa and parts of South Asia, which exceed the typical flight range of narrow body A320neo/A321neo aircrafts and wide-body A330neo aircraft.

The Company's network roll-out focuses on the following regions:

- **Domestic, GCC and MENA Regions:**
  - Strengthen its position in key markets and continue to increase capacity on existing routes.
  - Focus on routes with higher profitability.
- **Eastern and Western Europe, Central Asia and Africa Regions:**
  - Build initial positioning on routes within reach, grow aggressively on existing routes and increase capacity share.
  - Actively implement the first-mover advantage.
  - Become the first LCC in the Kingdom to enter long-range markets.
- **South Asia Region:**
  - Grow selectively to increase aircraft utilization and maximize profitability margin of the Company.

  The guiding principles of flynas Company's network planning include:

  - Increasing aircraft utilization as measured by block hours per day, maximizing flight frequencies and keeping turnaround time to the minimum.

- Aiming to optimize the utilization of the airports and other ground resources at each destination where the Company operates.
- Improving the breadth of its network by developing its point-to-point market through extending its reach into commercially important destinations.
- Improving the depth of its network by aiming to provide a minimum of two flights a day on all its internal routes and a preference for at least one daily flight on the majority of its international routes.
- Cooperating with airlines through codeshare and interline agreements to provide customers the flexibility to travel to additional destinations.
- Mainly focusing on point-to-point connectivity, although tactical focus on transit passengers will continue as the Company's network expands and more good connections open organically.
- Development of its network to improve schedules and coordination with airport operations, maintenance operations and scheduling to build schedules capable of delivering industry-leading on-time performance ("**OTP**") and competitive elapsed travel times.
- Optimizing flight departure times to support crew (cockpit and cabin) utilization, within the parameters of flight duty time limitation to which the crew is subject.
- Managing seasonality by aiming to maximize capacity during high seasons, such as summer and mid-term school holidays, Eid and Hajj seasons.
- Managing relationships with Company's Kingdom based airports from a larger capacity alignment perspective as well as the slot agencies coordinating for the respective airports to apply for the slots in time, as per seasons, and making sure the plans are backed up with required capacity arrangements from airports.

Through maintenance and further development of the portfolio of routes capable of delivering sustainable and profitable operations, the Company's network planning identifies the optimal routes for its network as well as re-evaluates existing routes on a periodic basis. Each route is given a minimum of three months, taking into account the below considerations:

- Prioritizing high-growth markets.
- Favorable historic growth rates, growth forecasts, economic and general trend indicators.
- Favorable existing (or expected) competition on the route and their pricing strategy.
- Destinations that can be reached economically within range capability in the future, as the Company expects to receive the A321neo aircraft, which will give the Company flexibility to start longer range routes in the future.
- Bilateral agreements, airport limitations, overflight permits and political considerations.
- The existence of significant untapped domestic markets and/or significant international expatriate populations, for example, Egypt and the Indian subcontinent.
- The extent of alternative methods of transportation and level of competition (non-stop and one-stop).
- To capture opportunities where industry-standard traffic data is negligible or non-existent, tapping into alternate sources of data.
- Continuous engagement with government agencies like Air Connectivity Program (ACP), Saudi Tourism Authority (STA), various foreign tourism authorities and airports to discuss on incentives and support on offer for particular routes that can help make capacity deployment decisions and help the bottom line.
- The Company is planning to perform substantial capacity expansions to its existing operational bases, which is a critical enabler for the Company's overall expansion:

- **KKIA in Riyadh:**
  - Working towards becoming the leading LCC for short and medium haul flights, serving domestic passengers and international leisure and business travelers.
- **KAIA in Jeddah:**
  - Focusing on gaps in short haul and unserved medium haul routes, while also looking for opportunities available for Hajj and Umrah driven demand.

- KFIA in Dammam:
  - Becoming a leading LCC, consolidating its current front-running positioning by domestic capacity share and expanding to new international destinations.
- PMIA in Madinah:
  - The Company has recently launched a new base in PMIA in Madinah and is adopting a gradual approach to expansion, serving inbound and outbound demand from markets with limited LCC competition.

In relation to the Company's new planned bases in the future, the Company intends to take 'first mover advantage' and support its guiding principles for network planning for the flynas LCC business segment.

B. Product and Services Strategy

The Company has revamped its products and services strategy to strengthen its position as an LCC, while ensuring differentiation from competitors by offering an enhanced product suitable to the market. This includes providing a unified fleet of aircraft configuration featuring flexible cabin seating capacity, balancing between density and comfort, and a de-bundled product and service, enabling a tailored flight experience and increased ancillaries. There will also be amenities available both onboard and during booking.

C. Cargo Strategy

Concurrent to the passenger-related strategies, the Company has plans to enhance its cargo operations. The main plan is to utilize the available belly capacity of the narrow-body aircraft fleet as well as wide-body aircraft. This approach is anticipated to positively impact results, and the Company will focus on partnerships with key operators across its network. The Company is also targeting to build internal cargo selling capabilities to drive cargo volume expansion.

D. Hajj and Umrah Strategy

The number of Umrah pilgrims reached 8.4 million in 2022G. As part of Vision 2030, the Kingdom intends to increase the number of Umrah pilgrims to 30 million annually by 2030G. The Government intends to achieve this goal through various strategic measures, including facilitating visa systems, developing capabilities and supporting various components of the value chain, including airlines and airports. The tangible results confirm the success of the Government's efforts and its immense potential, as it witnessed an increase in the number of non-Saudi Umrah pilgrims from 7.5 million in 2019G to 13.5 million in 2023G, which reflects an exceptional growth estimated at 80%. This positive development occurred despite the decline in numbers to during 2020G and 2021G, as a result of the COVID-19 pandemic and the restrictions imposed on travel. In light of the expected substantial growth in the number of Hajj and Umrah pilgrims, the Company aims to strengthen its presence in existing markets, capitalizing on new markets and expanding the network for the flynas Hajj and Umrah business segment. The exclusive market demand for charter flights for Hajj, where Saudi carriers are generally entitled to carry 50% of passengers on Hajj-specific flights, along with the increase in Umrah pilgrims, makes it an attractive segment. With this objective of growth and expansion, the Company has already started to operate four A330 aircrafts on a dry lease model and conducting 100,000 charter flights for pilgrims in 2023G, and is planning to expand this dry lease wide body program, primarily to serve the Hajj and Umrah business segment. This is in addition to the wide body wet leases that the Company operates to meet the needs of the Hajj charter business segment every year.

E. General Aviation (NasJet) Strategy

The Company targets to achieve steady annual growth in the flynas general aviation business segment, with a focus on increasing synergies with flynas LCC for charter flights, increasing the top-line with contracts and the bottom-line through costs.

F. Operational Excellence Strategy

The Company's internal cost optimization program (LEAP) continues to target operational excellence, having delivered a recurring annual value of over SAR 300 million since 2021G. This continuous ongoing program is based on key objectives to mainly add value through reducing cost of available seat per kilometer (CASK) and also enhancing the revenue per available seat-kilometer (RASK). As of the date of this Prospectus, the program's efforts include over 100 initiatives, 1,000 meetings with department heads, the involvement of over 10 departments and the formation of over 40 steering committee meetings.

G. Loyalty Program Strategy

The Company supports customer retention through its loyalty program 'naSmiles' which includes over 1.6 million total members, 310 thousand active members and 5 thousand premium members. The program saw the addition of 174 thousand new members in the nine-month period ended 30 September 2024G, as compared to 114.0 thousand new members in the nine-month period ended 30 September 2023G, and 59 thousand, 124 thousand and 153 thousand new members in the financial years ended 31 December 2021G, 2022G and 2023G, respectively. The Company also saw member purchases increase by 3,850%, from SAR 8.0 million to SAR 316 million, in the financial year ended 31 December 2021G, and by 25%, from SAR 316.0 million in the financial year ended 31 December 2022G to SAR 393.8 million in the financial year ended 31 December 2023G. Member purchases also increased by 34% from SAR 293.0 million to SAR 394.0 million in the nine-month periods ended 30 September 2023G and 2024G, respectively. Members enjoy exclusive benefits, including discounts at Dusit Hotels and Resorts, Hakbah platform (Saudi Fintech startup application providing alternative financial saving options) and the Ascott Limited (a hotel and accommodation services company). The loyalty program is also linked with rewards from the "Mokafaa" program, Yelo car rental, Booking.com (an online platform for hotel reservations and other travel services), American Express (a financial service and credit card company), Alinma Bank's "Akthr" program, and stc's "Qitaf" program. In addition, the Company generated approximately SAR 535.2 thousand in revenue from its partners in the financial year ended 31 December 2023G, compared to approximately SAR 52.8 thousand and SAR 99.0 thousand in the financial years ended 31 December 2021G and 2022G, respectively, while the Company generated SAR 371.0 thousand and SAR 1.6 million in revenue from its partners in the nine-month periods ended 30 September 2023G and 2024G, respectively.

H. Commercial and Marketing Strategy

The Company continues to implement a business strategy centered on offering low ticket fares and appropriate comfort levels, aiming to maximize revenue per flight with a particular emphasis on ancillary services to support growth. At the center of its marketing strategy is an AI-driven system designed to optimize pricing and inventory management in real-time, ensuring maximum profitability. The Company also aims to shift its focus towards increasing direct sales, which not only reduces reliance on third-party platforms but also provides a significant opportunity to boost ancillary revenues. By offering a more robust portfolio of ancillary services, the Company is able to cater to the diverse needs of its passengers, enhancing their travel experience and strengthening customer loyalty.

I. Organization Strategy

The Company aims to become the employer of choice in the Kingdom, continuing to streamline its organizational structure and improve productivity across all departments,. It seeks to remain to be one of the "Best Places to Work" in the Kingdom, with regular initiatives to motivate its employees, upskilling them and incentivizing them to continuously add value through excellence.

J. IT & Digital Strategy

The Company aims to become a fully digital airline, in order to unlock efficiencies and enhancing data-driven decision making, focused on customers as well as employees.

The Company has recently embarked on a digital transformation journey, leveraging technological advancement to fundamentally transform the way the Company operates, delivering value to customers, optimizing cost and revenue, while aiming to consistently outperform its competition. The Company is committed to being a leading digital airline and transforming its business by utilizing digitization and technology, thereby providing a better customer experience, increasing ancillary revenues, and enhancing operational efficiencies (for further details, please refer to Section 4.6(e) "**Digital Transformation**" of this Prospectus).

K. Regulatory and External Stakeholders Strategy

The Company aims to play a pivotal role in the development of the aviation sector in the Kingdom and to engage in regular collaboration with all external stakeholders including GACA, Matarat Holding Company (hereinafter referred to as "**Matarat**"), airports, service vendors, and others, in addition to relevant government ministries, with the aim that the relevant details and plans are discussed in advance to ensure smooth and operationally efficient growth and expansion for the Company. The Company also proactively communicates with GACA and participates in the relevant forums to clarify key points related to the sector and certain regulations that may hinder its growth, and in particular, the growth of airline companies in the Kingdom.

4.2.4 The Company's Strengths and Competitive Advantages

The below items represent the Company's competitive advantages:

A. Strong Secular Growth Prospects from Vision 2030 Compounded by Attractive Macro and Demographic Trends

flynas Company benefits from strong domestic macroeconomic and demographic tailwinds supporting the developments of the aviation sector in the Kingdom and the nation's underpenetrated adoption of air travel, in line with the Kingdom's Vision 2030 targets. According to the Organization for Economic Co-operation and Development (OECD), the Kingdom is the largest economy in the GCC, with a GDP of approximately SAR 3.0 billion in 2023G, which is more than double the second largest GCC economy (the UAE) and is expected to grow at 3.5% between 2023G and 2030G. Furthermore, the Kingdom has the highest population in the GCC at 32.7 million people in 2023G, with a skew towards youth (65% of the total population is below 34 years old) and 3.1% CAGR expected between 2023G and 2030G. These favorable demographics will drive increased consumption, including spending on air travel, providing opportunity for organic growth.

Further to the above, both the domestic and international travel markets in the Kingdom have substantial room for growth, with 0.8 domestic and 1.4 international seats capacity per capita in 2022G. This compares with domestic seat capacity per capita of 2.6 for the USA, 2.5 for Australia, 1.2 for Canada, 1.1 for Mexico, 1.0 for Spain and 1.0 for Japan. Internationally, this compares with seat capacity per capita of 15.65 for Qatar, 12.47 for the UAE, 7.64 for Singapore, 6.12 for Switzerland, 3.42 for the UK, 2.17 for the Netherlands, 2.06 for Italy and 1.98 for France. Whilst the Kingdom is the only MENA market on the domestic ranking, demonstrating the well-established and well-developed airport infrastructure in the nation and driven by its large territory, there is an ample upside expected with increased penetration and expansion in the aviation sector.

The Kingdom's Vision 2030 targets 75 million international visits (compared with 15 million in 2018G) and approximately 120 million one-day visits, which is expected to unlock a 15% contribution of the Kingdom's GDP coming from tourism through aviation, along with 2.0 million jobs coming from the aviation sector. This would lead the Kingdom to become a top 5 international touristic destination, representing a material upside for carriers connecting the Kingdom with international passengers. There are a number of tourism and giga-projects in development, providing global publicity to the Kingdom, including 2027G AFC Asian Cup, the FIFA World Cup 2034G and the World Expo in Riyadh in 2030G. The development of smart city NEOM and the new King Salman International Airport in Riyadh will further serve as growth levers and drive vibrant economic momentum to the nation.

The nation's aviation strategy, backed by investments of around SAR 100 billion, plays a pivotal role in the economy in the Kingdom, with goals to transform the Kingdom into one of the top 5 global passenger connecting hubs (compared to its rank as thirty-fifth (35) in 2018G) and into the leading position as regional cargo hub (vs fourth (4) in 2018G-2019G); this is expected to convert the aviation sector into a key contributor to the GDP of the Kingdom with SAR 280 billion, representing a substantial increase from SAR 80 billion in 2018G. The Kingdom is expected to become the leading aviation market in the Middle East and the seventh (7) largest passenger market worldwide, with 250 international destinations directly connected from the Kingdom, by 2030G. The Ministry of Hajj and Umrah forecasts 30.0 million Umrah pilgrims from outside the Kingdom by 2030G.

B. Largest LCC in a Highly Attractive Oligopolistic Saudi Market

flynas Company benefits from its positioning within the oligopolistic and fast-growing market in the Kingdom and is well placed on all key routes, with majority origin and destination traffic, indicating the inherent and non-substitutable demand. The aviation market in the Kingdom has only 3 active players: Saudia (full service carrier), Flyadeal (complementary LCC of Saudi Airlines) and flynas Company. Compared with Flyadeal, the Company has a substantially larger fleet and serves both international and domestic markets, whilst more than 90% of Flyadeal's operations were domestic routes in 2023G. The unique positioning of the Company reduces direct competition from domestic and regional players, and distinctly positions the Company as an LCC with differentiated product, as exhibited through the offerings of a premium economy class, its frequent-flyer program 'naSmiles' and 'nasholidays' holiday package offering. The Company is moreover well positioned across domestic traffic as the leading LCC on 6 out of the top 15 domestic routes, based on the number of available seats kilometers (ASKs) as a percentage of total capacity in 2023G.

Supporting the Company's differentiated positioning, the trend of increased LCC penetration is expected to continue, with the LCC domestic market share expected to increase from 49% in 2023G to 60-70% by 2030G. This signifies that LCCs will benefit from most of the growth expected in the market, from nearly 11.0 million passengers in 2023G to an expected 48 million passengers in 2030G. The local market, the Egyptian market, the UAE market, other Middle Eastern countries and the rest of the world accounted for 52%, 13%, 10%, 13% and 11% of the Company's total passengers in

2023G, respectively. Owing to flynas' LCC positioning with a differentiated product and service, the Company is ideally positioned to gain market share from full service carriers in the domestic market.

For further details regarding peer benchmarks, please refer to Section 3 "**Definitions and Abbreviations**" of this Prospectus.

C. Focused Network with Established Positions on Strategic Slots, and Unique Access to Religious Traffic to the Kingdom

The Company's strong position on the busiest routes connecting the Kingdom with the high-growth neighboring markets signify it as the leading or one of the top two (2) LCC airlines on most of the busiest routes from the Kingdom to the GCC, and the leader on the two busiest routes (Riyadh-Dubai and Jeddah-Dubai). This demonstrates the Company's right to win, given it is exposed to competition of non-KSA GCC carriers in the five most important 5 routes from the Kingdom to GCC countries, on which the Company operates flights.

- Riyadh – Dubai (the Company is the leading LCC airline with 28% market share).
- Jeddah – Dubai (the Company is the leading LCC airline with 17% total market share).
- Dammam – Dubai (the Company is the second LCC airline with 12% market share).
- Jeddah-Doha (the Company is the leading LCC airline with 23% total market share).
- Riyadh – Kuwait (the Company is the second LCC airline with 15% market share).

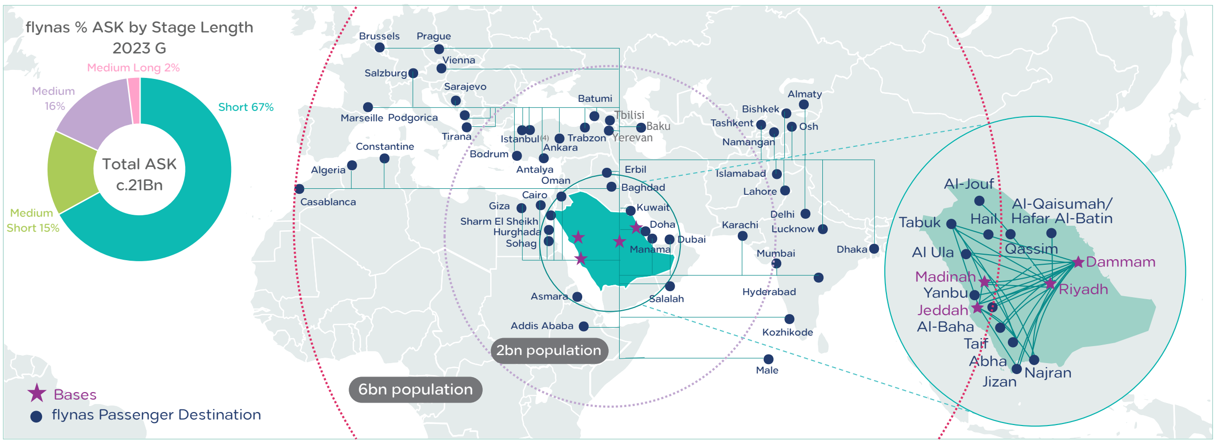
The Company is also in a dominant position in connectivity with the rest of MENA, ranking as the leading LCC for the top five international routes from the Kingdom to MENA:

- Jeddah – Cairo (the Company is the leading LCC airline with 14% market share).
- Riyadh – Cairo (the Company is the leading LCC airline with 27% market share).
- Medina – Cairo (the Company is the leading LCC airline with 9% market share).
- Jeddah – Istanbul (the Company is the leading LCC airline with 10% market share).
- Dammam – Cairo (the Company is the leading LCC with 13% market share).

In addition to its strong position on busy GCC and MENA routes, the Company's extensive network coverage on short and medium-haul routes provides reach to a large share of the global population. The Company aims to build on the first-mover advantage on some of the possible international markets, whilst strengthening its share on routes in key regional markets as well as key domestic routes.

The below figures represent the Company's international route network on A320 and A330 aircraft:

Figure 32: The Company's International Route Network on A320 and A330 Aircraft



Source: Company's information

The Company capitalizes on religious travel for Hajj and Umrah, the Islamic pilgrimages to Makkah, which is the center of the Muslim faith around the world. flynas Hajj and Umrah business segment offers strong growth potential to flynas Company and a captive market for airlines based in the Kingdom given 50% of direct Hajj charter flight capacity is allocated to Saudi national carriers by relevant authorities (as a result of bilateral agreements).

Growth from the flynas Hajj and Umrah business segment is underpinned by the fact that Islam is the second largest, and the fastest growing, religion in the world with the number of Muslims in the Middle East expected to reach 400 million, with over 2.2 billion Muslims expected globally by 2030G, respectively. Muslims numbered 1.9 billion in 2020G and Islam is projected to have an approximate 1.5% population CAGR during 2020G – 2030G, outpacing the non-Muslim expected population CAGR of 0.7% over the same period. Moreover, 30.0 million Muslims from outside the Kingdom are expected to perform the Umrah pilgrimage by 2030G.

The flynas Hajj and Umrah business segment provides the Company with a steady source of annual revenue compared to scheduled flights, with the segment generating SAR 2.9 million, SAR 285.9 million, SAR 980.9 million, SAR 894.3 million and SAR 760.9 million in revenue for flynas Company in 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, versus SAR 625.8 million in revenue in 2019G.

The flynas Hajj and Umrah business segment carried approximately 400 thousand and 313 thousand international passengers during 2023G and the nine-month period ended 30 September 2024G, respectively. Nearly 200.0 thousand and 159 thousand passengers were carried under the Hajj services, while approximately 200.0 thousand and 154 thousand passengers were carried during the scheduled Umrah trips, during the same periods. Nigeria, Bangladesh and Senegal are the top three markets for flynas Company's international Hajj passengers, and Algeria and Morocco were the top countries for the Company's international Umrah passengers in 2023G. flynas Company covers 13 markets for the Hajj season (utilizing a combination of wet-lease and dry-lease wide-body aircraft) and 4 markets for the Umrah (with 4 dry-lease A330 aircrafts). In addition, the Company carries the Hajj and Umrah pilgrims on flynas LCC scheduled flights in existing markets across the year, however it is difficult to identify such passengers on scheduled flights in the LCC network and assess their number.

The Company's Hajj and Umrah offerings include:

- Serving dignitaries and official delegations that are official guests of government bodies, who are generally offered complementary visas by the local authorities to perform pilgrimage. The Company provides service packages including accommodation and transportation to such delegations from various countries, as primary service provider allocated by the Ministry of Hajj and Umrah.
- Accommodation and transportation packages for Umrah pilgrims.

D. Attractive Financial and Operating Model with Efficient Capital Deployment and Differentiated Products

The Company's reach is compounded by its offering of a differentiated product, building on a modern and uniform, all-Airbus fleet. The Company's fleet comprising 59 A320 aircrafts, 50 A320neo and 5 A320ceo aircrafts, all equipped with CFM engines and 4 A330 aircrafts. The Company has opted for a uniform cabin layout across all similar aircraft, balancing density with customer experience, also offering approximately 5% premium economy seats on the A320 aircraft on selected international routes.

The Company compares favorably to regional peers across all areas, offering comfortable seats and the youngest fleet. The Company has an average seat width of 18.3 inches in the economy class, exceeding its regional LCC peers. With an average fleet age of 4.0 years, the Company also has the youngest fleet amongst its regional peers, and has ambition for further growth, supported by one of the largest orderbooks among its regional peers with a firm order for 195 narrow-body aircraft, including 159 A320neo aircraft and 36 A321neo aircraft. In addition, the Company has concluded a separate aircraft purchase agreement with Airbus for the purchase of 30 wide-body A330neo aircrafts. This agreement includes a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. As of 30 September 2024G, 53 narrow-body A320 aircrafts have been received and the Company still expects to receive 157 remaining aircrafts on a firm order basis.

With an established brand and having operated for the last 17 years, the Company's operational performance has risen substantially and is coupled with the highest compliance ratio, making it one of the most awarded airlines in the region and having one of the most prestigious global rankings. The Company has 84% OTP in 2023G and 88.0% during the nine-month period ended 30 September 2024G, up from 78% in 2019G, outperforming other LCCs such as Jazeera Airways, Air Arabia and flydubai, whose OTP rates were 78%, 77% and 69% in 2023G, respectively. The Company recorded the lowest number of complaints amongst LCCs in the Kingdom. This yields a 93% compliance ratio in 2021G and an 88% ratio in 2022G, compared with 85% and 74% in 2021G and 2022G, respectively, for Flyadeal. The improved customer experience has led to a significant increase in the Company's net promoter score (NPS) customer satisfaction score from 16 to 33 in the nine-month periods ended 30 September 2023G and 2024G, respectively. The Company has been awarded World Travel Awards' Middle East's leading low-cost carrier 10 consecutive times from 2015G to the first quarter of 2024G, as well as Skytrax's best Middle Eastern low-cost carrier 7 consecutive times from 2017G to the first quarter of 2024G. In addition, the Company was ranked fourth globally both in 2023G and the first quarter of 2024G, respectively, by Skytrax and APEX has awarded flynas Company a 4 star rating in 2022G, which is the highest category possible for LCCs.

The strong pricing power of the Company is demonstrated by it having the highest revenue per ASK (RASK) among peers. This has been translated into record financial results in 2023G, continuing an era of sustained growth and investment (for further details regarding the Company and competitors, please refer to Section 3 "**Market and Industry Information**" of this Prospectus). The Company saw SAR 6.4 billion and SAR 5.9 billion of revenue in 2023G and the nine-month period ended 30 September 2024G, respectively, along with 26.1% EBITDA margin and 30.2% revenue with SAR 1.7 billion and SAR 1.8 billion of EBITDA for the same periods. These results follow the positive trend of growth, with significant upside from 2018G on each metric (including ASKs, revenue, EBITDA, and EBITDA-Capex). The Company was able to rebound from COVID-19 faster than peers, demonstrated by the fact that 2022G revenues and EBITDA surpassed 2019G levels, which is much faster than average global and regional recovery post the COVID-19 pandemic.

The Company has been able to overcome the pandemic exceptionally well. It has updated its strategy in terms of competitive pricing, re-balanced operations across markets, and increased its share in certain markets. The Company also launched a cost transfer program to reduce expenses, including salaries and bonuses. In addition, the Company has managed to negotiate with aircraft lessors to postpone certain payments (approximately SAR 75 million) and postpone receiving orders from Airbus. The Company generated SAR 217 million from sale-leaseback during the same period, consisting of earnings from the sale of aircraft to lessors, which usually takes place as part of sale-leaseback operations (for further details, please refer to Section 4.5 "**The Company's Fleet**" of this Prospectus). In addition, the Company was able to increase air charters, benefiting from disposable income during the COVID-19 pandemic.

The efficient deployment of capital, as seen through the ROIC, provides the Company with the best operational economics compared with regional LCCs (for further details, please refer to Section 3 "**Market and Industry Information**" of this Prospectus).

Table 4.16: Summary of Financial Information and Key Performance Indicators for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

Million SAR	Financial Year Ended 31 December					Nine-Month Period Ended 30 September	
	2019G	2020G	2021G	2022G	2023G	2023G	2024G
KPIs (SAR, millions)							
Revenue	**4,228.6**	**1,733.5**	**2,673.4**	**4,809.4**	**6,362.2**	**4,899.16**	**5,891.31**
flynas LCC revenue	3,238.4	1,520.4	2,505.1	4,354.1	5,198.8	3,891.49	4985.75
flynas Hajj and Umrah revenue	625.8	16.9	2.9	285.9	980.9	894.31	760.89
flynas revenue for the year	364.3	196.2	165.3	168.9	182.5	113.36	144.67
Net profit / loss	18.7	(629.1)	19.9	171.8	401.3	326.92	492.63
Net profit margin (%)	0.4%	(36.3%)	0.7%	3.6%	6.3%	6.67%	8.36%
Earnings before interest, taxes, depreciation, and amortization (EBITDA)[1]	582.9	(80.4)	736.7	1,096.2	1,659.7	1,216.48	1,779.99
EBITDA margin (%)	13.8%	(4.6%)	27.6%	22.8%	26.1%	24.83%	30.21%
EBITDA less net capital expenditures[2][3]	(57.5)	(646.6)	971.6	1,171.7	1,529.6	1,084.2	1,706.5
Return on invested capital (%)[4]	2.5%	(18.6%)	4.3%	8.0%	9.2%	N/A	11.6%
Technical and other KPIs							
Available seat kilometers (ASK) (number)	12,529	6,133	9,467	15,886	20,774	15,123	18,881

(1) Earnings before interest, taxes, depreciation and amortization (EBITDA): EBITDA is an accounting metric for companies which is defined as the profit for the year/period before deducting interest expense, taxes, depreciation and amortization. Hence, it is as an indicator of the Company's operating profitability.

(2) Earnings before interest, taxes, depreciation and amortization less amortization of right-of-use assets and net capital expenditures.

(3) Net capital expenditures include the acquisition of equipment and proceeds from the sale of equipment.

(4) Return on invested capital is calculated by dividing the operating profit after deducting tax by the invested capital (non-current assets + working capital).

Source: The Financial Statements and Company's information.

E. Innovation and Sustainability are Embedded in the Company's Business Model

Innovation underpins the Company's business model, as evidenced by the Company's revenue management system. This AI-driven system, through machine-learning, enables revenue management, with dynamic pricing implemented every day on all flights. Management's pricing strategy influences competitive response and makes pricing patterns difficult for competitors to discern, creating competitive advantage. The analytics create the ability to increase revenue per available seat kilometer (RASK) during peaks of demand and stimulate load factor on low-season, as part of flexible and customizable systems tailored to the Company's needs and context.

The Company provides a unique and enhanced experience for customers through its application, which is a viable sales and engagement channel. The Company app has approximately 3.8 million monthly users, and approximately 226 thousand tickets are purchased monthly through the application, which represents approximately 10% of total ticket purchases. Additional functionalities of the application include flight management, online check-in, the purchase of ancillaries such as meals, seat selection/purchase, baggage, sports equipment, business lounge access and rental car services. The application accepts various payment methods including Visa, Mastercard, American Express, payment service providers (including SADAD, ApplePay, STC Pay and PayPal), postpaid platforms (including Tabby and Tamara), promotional vouchers and naSmiles.

As a Saudi company, the Company maintains strong commitment and bonds with the business ecosystem in the Kingdom. The Company is the first LCC participant in the Middle East to join the United Nations Global Compact and the first Saudi airline and first LCC in the Middle East to join the United Nations World Tourism Organization, balancing innovation with sustainability. The Company has a memorandum of understanding signed with Saudi Investment Recycling Company (SIRC) to explore waste treatment opportunities, showing its focus on environmental sustainability.

The Company has a strong commitment to empower local talents, centered around diversity, including the commitment to Saudization of 100% of co-pilots and 100% Saudization of flight dispatchers. Furthermore, over 52% of the Company's employees are Saudi and 28% of the Company's employees are women as of 30 September 2024G. The Company also contributes to numerous community initiatives with SAR 2 million raised from the Company's passengers to benefit over 1,000 children with disabilities and the Company hosted 4 editions of the "Let's Talk Aviation" forum to enrich societal knowledge in aviation. The Company undertakes initiatives to promote the Saudi culture, including the 2022G 'Year of Saudi Coffee' and the 2021G 'Year of Arabic Calligraphy'.

Furthermore, the Company has carbon reduction initiatives which are a key enabler of their ambitious environmental, social and governance ("**ESG**") targets. The Company is the largest operator of A320 aircrafts in the MENA and the introduction of the A320neo (forming 84% of fleet at the end of 2023G and 86.9% on 30 September 2024G, compared to 3% at the end of 2018G) reduces carbon dioxide (CO_2) emissions by 10% and has a 15-20% lower block fuel flow versus the A320ceo. With the higher share of A320neo aircrafts, fleet efficiency improves and with 87% (52 in total) of the Company's fleet having sustainable engines, flynas Company is the most fuel-efficient airline amongst its peers, with 66% of the fleet powered by sustainable engines for flyadeal, 48% for Jazeera and 9% for Air Arabia.

Further, direct routing of flights is explored as much as possible, which is estimated to save an average of 4 minutes per flight. The direct routing and other carbon-savings best practices performed by the crew and operations team are estimated to save over 6,000 tons of fuel and 19,000 tons of CO_2 emissions during the first half of 2023G in addition to the CO_2 emissions saved due to operating fuel efficient aircraft.

F. Significant Growth Potential, Aiming to be the Leading LCC in MENA

The Company has a 3 pillar approach with ambition to become the leading LCC in MENA by 2030G:

- **A laser focus on budget customers**, with potential to target upgraded budget customers, especially in the short-haul segment of the market.
- **A low-cost carrier positioning** achieving one of the lowest unit costs in the region, remaining competitive while having an enhanced product and services.
- **A short-haul and medium-haul carrier**, with focus on point-to-point (P2P) traffic and leveraging potential transit connecting opportunities in the network.

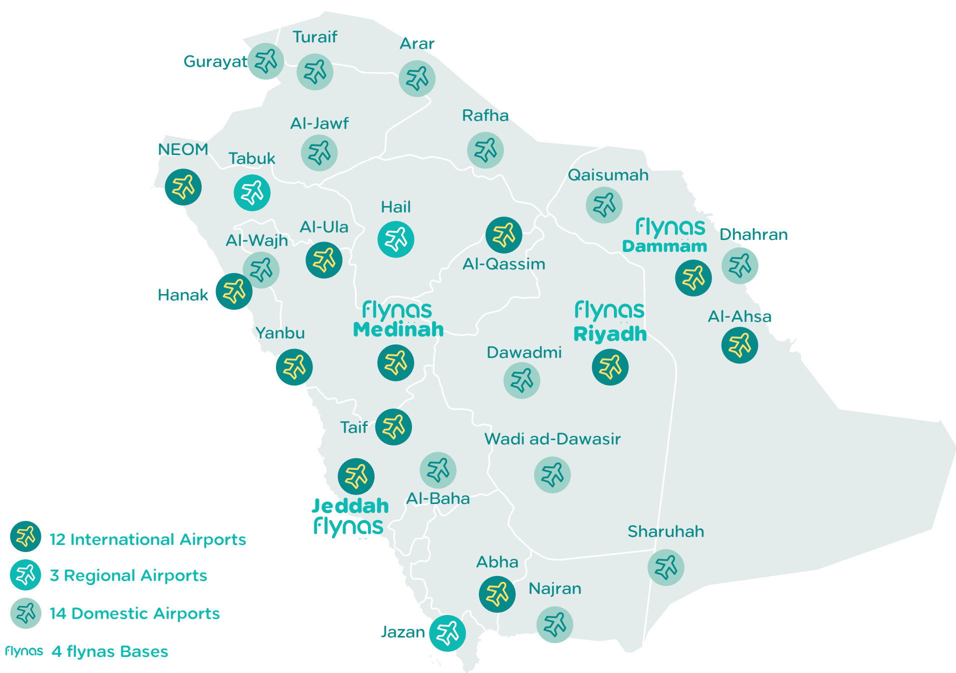
The Company's growth is supported by its fleet growth plan with 142 aircrafts to be delivered from the previous order of a total of 195 aircrafts (53 aircrafts have already been delivered as of 30 September 2024G), and has also obtained Board approval for increasing its orderbook by an additional 130 narrow-body aircrafts and 30 wide-body aircrafts. In November 2024G, the Company entered into a new agreement with Airbus to purchase 30 wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. As of the date of this prospectus, the company is working on ordering an additional 130 narrow-body A320neo aircrafts, which is being processed for further implementation. This orderbook is one of the largest amongst regional peers. The Company currently operates an all-Airbus fleet, and expects to have fully modernized its narrow-body fleet to next generation aircraft by 2026G.

The Kingdom exhibits a well-established airport network, strategically located across its vast territory, with planned expansion to accommodate increasing air travel demand, which is a growth lever that flynas Company benefits from, given its established operations bases in the busiest international airports in the country. The Company already has bases, or will work in the future, to have bases at major airports in the Kingdom to be ready to cater to the market's planned traffic growth.

- The Company's existing bases:
  - **KKIA in Riyadh:** The Company is aiming to be the leading carrier for short and medium haul, serving domestic passengers and international leisure, tourism and business travelers. The total airport traffic in 2022G amounted to 26.9 million passengers, of which 12 million were passengers on international routes.
  - **KAIA in Jeddah:** The Company's second largest base with targeting on short haul and medium haul routes that are not served by direct flights or suffer from a lack of capacity. The total airport traffic in 2022G amounted to 30.5 million passengers, of which 18.5 million were passengers on international routes.
  - **KFIA in Dammam:** The Company is the leading airline in Dammam, consolidating current leading positioning and opening new destinations internationally. Airport traffic in 2022G amounted to 9.2 million passengers, of which 4.4 million were passengers on international routes.
  - **PMIA in Madinah:** The Company is targeting demand from markets with limited LCC competition. The total traffic in 2022G amounted to 5.0 million passengers, of which 3.2 million were passengers on international routes.
  - **KSIA in Riyadh (future):** King Salman International Airport is being planned in Riyadh and is expected to be one of the largest airports in the world with a capacity of 120.0 million passengers by 2030G and 185.0 million by 2050G. It is expected to be a super set, including also the assets of KKIA.
- The Company has planned to add additional bases having large catchments and growing movements expected to those regions in the future.

The below figure represents flynas Company's current operations bases in the busiest international bases:

Figure 33: The Company's Bases



Source: Company's information and the Market Study

Current traffic is below the planned capacity at each airport that hosts one of the bases from which flynas Company currently operates, as well as those it has planned expansions in, allowing them the ability to grow.

The below table sets out the details of the Company's bases' expected capacity growth:

Table 4.17: The Company's Bases' Expected Capacity Growth

flynas Company Existing / Planned Operations Base	Capacity in 2023G (in million passengers)	Expected Capacity in 2030G (in million passengers)
KKIA in Riyadh	36	150
KAIA in Jeddah	36	135
KFIA in Dammam	13	20
PMIA in Madinah	9	16

Source: The Market Study

In addition, flynas Company has significant growth potential with substantial whitespace for growth initiatives and increasing ancillary revenues.

G. Management with Long Tenure at the Company and Extensive Industry Experience

The Company has an experienced leadership team, with strong sector knowledge, and a deep commitment to maintain the highest standard of excellence. The Executive Management team has over 120 years of cumulative experience across various operational and financial areas, providing the Company with excellent positioning to drive growth and transformation (for further details, please refer to Section 5.5 "**Executive Management**" of this Prospectus).

4.3 Overview of the Company's Business

The Company is a leading low-cost airline and the largest independent airline in the Kingdom in terms of both revenue and passenger numbers. The Company started operations as a business unit within NAS Holding in 2007G, as the first low-cost carrier in the Kingdom. As a result of the successful implementation of its low-cost strategy targeted for serving the needs of the Saudi market, the Company has experienced rapid expansion of its operations both in domestic and international routes, as well as for Hajj and Umrah travel. During the period between 2013G and 2023G, the compound annual growth rate of the number of passengers served under the flynas LCC and flynas Hajj and Umrah business segments was 12.3% and 13.5%, respectively, which compares favorably against the passenger compound annual growth rate in the overall Saudi market, which, according to GACA, was 6.5% during the period between 2013G and 2023G.

4.3.1 Summary of Key Milestones

The below table shows a summary of the Company's key milestones:

Table 4.18: Summary of the Company's Key Milestones

Date	Key Milestones
1999G	– NAS Holding was established
2007G	– NAS Holding awarded the first Saudi Air Operator Certificate by GACA to start scheduled flights as a low-cost carrier under the "NasAir" brand.
2010G	– NAS Holding established the Company as a subsidiary.
2013G	– The Company rebranded from "NasAir" to "flynas".
2015G	– Transfer of GACA air operator certificate from NAS Holding to the Company.
2016G	– An aircraft purchase agreement was signed with Airbus for 120 Airbus A320neo aircrafts, including a purchase option for 40 aircrafts.
2017G	– The Company converted into a closed joint stock company.
2018G	– The Company received the first delivery of A320neo aircraft.
2019G	– Exercised the purchase option for 10 Airbus A321XLR aircrafts (as alternatives to the A320 aircraft) pursuant to the Airbus Purchase Agreement.

Date	Key Milestones
2020G	– CFM agreement signed for LEAP-1A engines maintenance.
2022G	– Syndicated facility agreement was signed with 4 banks in the Kingdom for SAR 2.25 billion.[1]
2023G	– Exercised the purchase option for 30 Airbus A320neo aircrafts pursuant to the Airbus Purchase Agreement. – Carried over 10 million passengers. – Carried over 100 thousand Hajj pilgrims, for the first time since the COVID-19 pandemic. – Received 19 A320neo aircrafts.
2024G	– Received 6 A320neo aircrafts. – Entered into a new agreement with Airbus to purchase 30 wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model. – Signed an amendment to the Airbus Aircraft Purchase Agreement, bringing the total number of firm aircraft purchase orders to 195 aircraft. This amounts to 159 A320neo aircraft and 36 A321neo aircraft instead of 120 aircraft, through the addition of 75 new aircraft.

(1) The purpose of the SAR 2,250 billion facilities are for pre-delivery payments in respect of aircraft or engines, maintenance costs, working capital and capital expenditure requirements.

Source: Company's information

4.4 The Company's Business Model

As a leading LCC headquartered in the Kingdom, the Company has served over 85.7 million passengers under the flynas LCC business segment and approximately 0.8 million pilgrims under the flynas Hajj and Umrah business segment from 2013G to H1 2024G. The Company offers its services to individual passengers and tour groups (including pilgrims), corporate customers, government entities and private aircraft owners.

As of 30 September 2024G, the Company has an extensive route network originating from its 4 bases in the Kingdom located at King Khalid International Airport in Riyadh, King Abdulaziz International Airport in Jeddah, King Fahd International Airport in Dammam and Prince Mohammad Bin Abdulaziz Airport in Medina, serving 16 domestic destinations and 56 international destinations throughout the Gulf Cooperation Council (the "**GCC**"), Middle East, Africa, Europe, Central Asia and the Indian subcontinent. Passengers on domestic routes represented 73.4%, 58.9%, 51.9%, 50.5% and 50.3% of the total passengers served during the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, compared to passengers on international routes which represented 26.6%, 41.1%, 48.1%, 49.5% and 49.7% of the total passengers during the same periods, respectively.

The Company also has partnerships with other airlines for the purpose of cooperation through codeshare and interline agreements, which allow it to provide its passengers with access to 126 international destinations. In general, it provides additional destinations outside the Company's network across Europe, Africa and Asia, via the Company's distribution network. These partnerships provide a wide range of travel options; including routes, schedules and connecting flights, contributing to the Company's overall network growth, with competitive pricing and appropriate flight schedules.

As of the date of this Prospectus, the Company has codeshare partnerships with Etihad Airways, Pegasus Airlines, and Ethiopian Airlines, which allow each partner carrier to sell tickets on other partner's flights without operating the flight. The Company also has interline partnerships with Saudia, Turkish Airlines, Philippine Airlines, Pakistan International Airlines, EgyptAir, Emirates Airlines and Uzbekistan Airways, which allow each partner carrier to collaborate with the other partner carrier by participating in and serving on one leg of the passenger itinerary.

The Company's business segments include the following 3 main business segments:

- **flynas Low-Cost Carrier (LCC)**: The flynas LCC business segment represents the Company's core offering of commercial scheduled flights, which operate according to a pre-planned and published schedule allowing individual passengers to book flights for specific dates and times. The Company predominantly operates narrow-body aircraft for the purpose of flynas LCC. As of 30 September 2024G, the flynas LCC fleet includes 53 A320neo aircrafts, 4 A320ceo aircrafts, and 4 A330ceo aircrafts. In addition, the Company leased 8 B737-900 aircrafts and 4 A320ceo aircrafts on a wet-lease basis during the financial year ended 31 December 2023G, which were subsequently returned during the same year, noting that the Company did not wet lease any aircraft during the nine-month period ended 30 September 2024G. Further, the Company served over 11.2 million passengers within the flynas LLC segment during the financial year ended 31 December 2023G, and over 10.9 million passengers within the same segment during the nine-month period ended 30 September 2024G. Revenue from the flynas LCC segment represented 93.7%, 90.5%, 81.7%, 79.4% and 84.6% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively;

- **flynas Hajj and Umrah**: The flynas Hajj and Umrah business segment mainly serves foreign pilgrims travelling to the Kingdom, and particularly to Makkah and Madinah. This includes a combination of scheduled flights as well as charter flights which are not flown on set routes or schedules, but are typically arranged based on seasonal demand. The aircraft mainly used are of wide bodies (either on wet or dry leases). As of 30 September 2024G, the flynas Hajj and Umrah business segment fleet includes 14 dry-leased A330ceo aircrafts. In addition, the Company leased 10 aircrafts on a wet-lease basis during the financial year ended 31 December 2023G, which were a combination of A330ceo and A330neo models, and were subsequently returned during the same year, noting that the Company did not wet lease any aircraft during the nine-month period ended 30 September 2024G. flynas Hajj and Umrah mainly caters to pilgrim groups during Hajj period, typically secured through Hajj quota allotted and arranged through various foreign government authorities. This segment also serves Umrah pilgrim groups for the rest of the year which are arranged through agents based in various markets, as well as nominal sales to individual passengers. The Company served approximately 0.4 million passengers under this segment during the financial year ended 31 December 2023G, including approximately 0.2 million international Hajj passengers, and 0.2 million international Umrah passengers. It also served approximately0.2 million passengers within this segment during the nine-month period ended 30 September 2024G, all of whom were international Umrah passengers. Revenue from the flynas Hajj and Umrah business segment represented 0.1%, 5.9%, 15.4%, 18.3% and 12.9% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively; and
- **flynas General Aviation (NasJet) Services**: The flynas general aviation business (NasJet) segment includes the operation of charter flights under agreements with respective parties, and in particular businessmen, high net worth individuals or government entities. The Company offers two (2) main services under the flynas general aviation (NasJet) business segment, namely aircraft management and private jets charter flight services. The Company manages 10 private aircrafts and served over 80 clients within the flynas general aviation business segment during the financial year ended 31 December 2023G. The Company also manages 10 private aircrafts and served more than 40 clients within the flynas general aviation business segment as of 30 September 2024G. Revenue from the flynas general aviation business segment represented 6.2%, 3.5%, 2.9%, 2.3% and 2.5% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

The following table sets out the details of the Company's revenue by segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.19: Details of the Company's Revenue by Segment for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2021G	2022G	2023G	2023G	2024G
flynas LCC	2,505.1	4,354.5	5,198.8	3,891.5	4,985.8
flynas Hajj and Umrah	2.9	285.9	980.9	894.3	760.9
flynas General Aviation (NasJet)	165.3	168.9	182.5	113.4	144.7
Total	**2,673.4**	**4,809.4**	**6,362.2**	**4,899.2**	**5,891.3**

Source: The Financial Statements.

It is also worth noting that the Company's top customers are generally major travel agencies and online travel agencies inside and outside the Kingdom. The services provided to customers by major travel agencies and travel agencies are similar in nature to the services provided to direct individual customers online, including booking and purchasing airline tickets and additional flight-related products and services (for further information, please refer to Section 13.4.15 "**Travel Agency Agreement with a Number of Travel Agencies**" of this Prospectus). The following tables show details of the top customers with whom the Company does business. Note that all of the Company's top customers are entities engaged in tourism and travel agency activities:

Table 4.20: Top Customers of the Company for the Financial Year Ended 31 December 2021G

Customer(1)	Customer Description	Independence Status	Type of Relationship	Value of Sales (SAR, millions)(2)	Percentage of Total Revenue (%)
Customer 1	Travel agency	Independent	Contractual	159.0	5.95
Customer 2	Travel agency	Independent	Contractual	62.1	2.32
Customer 3	Travel agency	Independent	Contractual	34.9	1.31
Customer 4	Travel agency	Independent	Contractual	34.1	1.27
Customer 5	Travel agency	Independent	Contractual	17.1	0.64
Customer 6	Travel agency	Independent	Contractual	14.5	0.54
Customer 7	Travel agency	Independent	Contractual	12.1	0.45
Customer 8	Travel agency	Independent	Contractual	11.0	0.41
Customer 9	Travel agency	Independent	Contractual	9.4	0.35
Customer 10	Travel agency	Independent	Contractual	8.6	0.32
Total				**362.8**	**13.57**

(1) It should be noted that the Company's top customers have been identified for each period separately.

(2) It should be noted that bank guarantees are provided by all of the Company's travel agency customers, with the stipulation that the value of sales shall not exceed the value of the bank guarantee provided.

Table 4.21: Top Customers of the Company for the Financial Year Ended 31 December 2022G

Customer(1)	Customer Description	Independence Status	Type of Relationship	Value of Sales (SAR, millions)(2)	Percentage of Total Revenue (%)
Customer 1	Travel agency	Independent	Contractual	365.5	7.60
Customer 2	Travel agency	Independent	Contractual	90.1	1.87
Customer 3	Governmental entity (non-Saudi)	Independent	Contractual	66.0	1.37
Customer 4	Travel agency	Independent	Contractual	58.9	1.22
Customer 5	Travel agency	Independent	Contractual	39.3	0.82
Customer 6	Travel agency	Independent	Contractual	38.7	0.80
Customer 7	Travel agency	Independent	Contractual	38.7	0.80
Customer 8	Travel agency	Independent	Contractual	36.6	0.76
Customer 9	Travel agency	Independent	Contractual	35.7	0.74
Customer 10	Travel agency	Independent	Contractual	27.3	0.57
Total				**796.8**	**16.57**

(1) It should be noted that the Company's top customers have been identified for each period separately.

(2) It should be noted that bank guarantees are provided by all of the Company's travel agency customers, with the stipulation that the value of sales shall not exceed the value of the bank guarantee provided.

Table 4.22: Top Customers of the Company for the Financial Year Ended 31 December 2023G

Customer[(1)]	Customer Description	Independence Status	Type of Relationship	Value of Sales (SAR, millions)[(2)]	Percentage of Total Revenue (%)
Customer 1	Travel agency	Independent	Contractual	452.5	7.09
Customer 2	Travel agency	Independent	Contractual	208.5	3.27
Customer 3	Governmental entity (non-Saudi)	Independent	Contractual	179.5	2.81
Customer 4	Travel agency	Independent	Contractual	157.0	2.46
Customer 5	Travel agency	Independent	Contractual	130.0	2.04
Customer 6	Travel agency	Independent	Contractual	90.1	1.41
Customer 7	Travel agency	Independent	Contractual	80.0	1.25
Customer 8	Travel agency	Independent	Contractual	65.0	1.02
Customer 9	Travel agency	Independent	Contractual	63.4	0.99
Customer 10	Travel agency	Independent	Contractual	54.1	0.85
Total				**1,480.1**	**23.19**

(1) It should be noted that the Company's top customers have been identified for each period separately.

(2) It should be noted that bank guarantees are provided by all of the Company's travel agency customers, with the stipulation that the value of sales shall not exceed the value of the bank guarantee provided.

Table 4.23: Top Customers of the Company for the Nine-Month Period Ended 30 September 2023G

Customer[(1)]	Customer Description	Independence Status	Type of Relationship	Value of Sales (SAR, millions)[(2)]	Percentage of Total Revenue (%)
Customer 1	Travel agency	Independent	Contractual	358.1	7.31
Customer 2	Travel agency	Independent	Contractual	168.8	3.45
Customer 3	Travel agency	Independent	Contractual	167.7	3.42
Customer 4	Travel agency	Independent	Contractual	119.8	2.45
Customer 5	Travel agency	Independent	Contractual	102.3	2.09
Customer 6	Travel agency	Independent	Contractual	75.3	1.54
Customer 7	Travel agency	Independent	Contractual	71.1	1.45
Customer 8	Travel agency	Independent	Contractual	68.4	1.40
Customer 9	Travel agency	Independent	Contractual	52.3	1.07
Customer 10	Travel agency	Independent	Contractual	46.4	0.95
Total				**1,230.3**	**25.11**

(1) It should be noted that the Company's top customers have been identified for each period separately.

(2) It should be noted that bank guarantees are provided by all the Company's travel agency customers, with the stipulation that the value of sales shall not exceed the value of the bank guarantee provided.

Table 4.24: Top Customers of the Company for the Nine-Month Period Ended 30 September 2024G

Customer[1]	Customer Description	Independence Status	Type of Relationship	Value of Sales (SAR, millions)[2]	Percentage of Total Revenue (%)
Customer 1	Travel agency	Independent	Contractual	448.5	7.61
Customer 2	Travel agency	Independent	Contractual	192.7	3.27
Customer 3	Travel agency	Independent	Contractual	135.5	2.30
Customer 4	Travel agency	Independent	Contractual	111.9	1.90
Customer 5	Travel agency	Independent	Contractual	106.3	1.80
Customer 6	Travel agency	Independent	Contractual	93.1	1.58
Customer 7	Travel agency	Independent	Contractual	57.4	0.97
Customer 8	Travel agency	Independent	Contractual	53.5	0.91
Customer 9	Travel agency	Independent	Contractual	44.7	0.76
Customer 10	Travel agency	Independent	Contractual	15.1	0.26
Total				**1,258.7**	**21.36**

(1) It should be noted that the Company's top customers have been identified for each period separately.

(2) It should be noted that bank guarantees are provided by all of the Company's travel agency customers, with the stipulation that the value of sales shall not exceed the value of the bank guarantee provided.

4.4.1 flynas LCC

The flynas LCC business segment represents the Company's core offering of commercial scheduled flights, which operate according to a pre-planned and published schedule, offered as a low-cost product. Fee structures for the flynas LCC business segment include revenues from ticket sales, in addition to other ancillary revenue such as excess baggage, inflight meals and seat selection charges. The Company predominantly operates narrow-body aircraft for the purpose of the flynas LCC business segment. As of 30 September 2024G, the flynas LCC fleet includes 53 A320neo aircrafts, 4 A320ceo aircrafts, and 4 A330ceo aircrafts. In addition, the Company leased 8 B737-900 aircrafts and 4 A320ceo aircrafts on a wet-lease basis during the financial year ended 31 December 2023G, which were subsequently returned during the same year, noting that the Company did not wet lease any aircraft during the nine-month period ended 30 September 2024G. As of 30 September 2024G, the Company had carried more than 89.4 million passengers under this business segment since the launch of the Company's operations in 2007G, including 11.2 million, 7.9 million and 10.9 million passengers in the financial year ended 31 December 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

The Company offers flights as part of the flynas LCC business segment from its 4 bases in the Kingdom, namely King Khalid International Airport in Riyadh ("**KKIA**"), King Abdulaziz International Airport in Jeddah ("**KAIA**"), King Fahad International Airport in Dammam ("**KFIA**") and Prince Mohammad bin Abdulaziz Airport in Madinah ("**PMIA**"), in addition to 12 other airports in the Kingdom and 52 international airports. Of the 136 routes offered by the Company during 2023G, 33 of these routes are domestic and 103 are to international destinations, including in Egypt, Turkey, the United Arab Emirates (the "**UAE**"), Kuwait, Jordan, Iraq, Sudan, Albania, Austria, Azerbaijan, Bosnia & Herzegovina, Czech Republic, France, Georgia, India, Montenegro, Oman, Pakistan, Qatar, Uzbekistan, Armenia, Bahrain, Belgium, Ethiopia, Kazakhstan, Kyrgyzstan and the Maldives.

The Company also has codeshare and interline partnerships with other airlines, which provide its passengers with access to 126 international destinations, which are generally additional destinations outside the Company's network across Europe, Africa and Asia, via the Company's distribution network. These partnerships provide a wide range of travel options, including routes, schedules and connecting flights, contributing to the Company's overall network growth, with competitive pricing and appropriate flight schedules.

As of the date of this Prospectus, the Company has codeshare partnerships with Etihad Airways, Pegasus Airlines, and Ethiopian Airlines, which allow each partner carrier to sell tickets on other partner's flights without operating the flight. The Company also has interline partnerships with Saudia, Turkish Airlines, Philippine Airlines, Pakistan International Airlines, EgyptAir, Emirates Airlines and Uzbekistan Airways, which allow each partner carrier to collaborate with the other partner carrier by participating in and serving on one leg of the passenger itinerary.

Revenue from the flynas LCC business segment represented 81.7% and 84.6% of the Company's revenue in the financial year ended 31 December 2023G and the nine-month period ended 30 September 2024G, compared to 90.5% and 93.7% in the financial years ended 31 December 2022G and 2021G, respectively.

The below table sets out details of the operating data of the flynas LCC business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.25: Operating Data for the flynas LCC Business Segment for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G:

Operating Data Point	Units	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
		2021G	2022G	2023G	2023G	2024G
Passenger Revenue[(1)]	SAR (thousands)	2,207,385.8	3,900,005.6	5,007,429.4	3,730,424.77	4,720,656.94
Other Revenue	SAR (thousands)	297,737.2	454,520.4	191,343.1	161,067	265,094
Total Revenue	**SAR (Millions)**	**2,505.1**	**4,354.5**	**5,198.7**	**3,891.49**	**4,985.75**
Average Flight Length (km)	Kilometer	1,218	1,394	1,484	1,483.90	1,453.80
Passenger Load Factor	%	59.0%	75.2%	79.5%	79.49%	85.16%
Block Hours per Day	Hours	253.50	411.39	515.65	515.6	628.1

(1) Revenue from Umrah services, as part of the flynas Hajj and Umrah business segment, is included as part of the flynas LCC business segment revenue, given that 2023G was the first year in which the Company dry leased A330 aircraft as wide-body aircraft for Umrah operations. This is in line with the Company's audited financial information for the financial year ended 31 December 2023G and the financial information for the nine-month period ended 30 September 2024G.

Source: Company's information

The Company closely monitors and benchmarks routes against historical financial performance and it has the flexibility to add or discontinue routes.

The below table sets out details of the operating data on the flynas LCC network as of 31 December 2021G, 2022G and 2023G and 30 September 2023G and 2024G:

Table 4.26: Operating Data on the flynas LCC Network Statistics as of 31 December 2021G, 2022G and 2023G and 30 September 2023G and 2024G

	As of 31 December									As of 30 September					
	2021G			2022G			2023G			2023G			2024G		
	Domestic	International	Total	Domestic	International	Total	Domestic	International	Total	Domestic	Inter-national	Total	Domestic	International	Total
Number of Destinations	17	20	37	16	37	53	16	52	68	15	46	61	16	56	72
Number of Routes	32	36	68	30	76	106	33	103	136	29	102	131	33	106	139
Number of Flights (weekly average)	656	220	876	721	549	1,270	747	758	1,505	687	748	1,435	935	926	1,861

Source: Company's information

The following table sets out the geographical distribution of the revenue of the flynas LCC business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.27: Geographical Distribution of the Revenue of the flynas LCC Business Segment for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
	2021G	2022G	2023G	2023G	2024G
International	1,057.2	2,504.7	3,063.6	2,389.3	3,018.3
Domestic	1,403.4	1,817.2	2,094.0	1,477.7	1,938.4
Other	44.5	32.5	41.1	24.5	29.1
Total	**2,505.1**	**4,354.5**	**5,198.8**	**3,891.5**	**4,985.8**

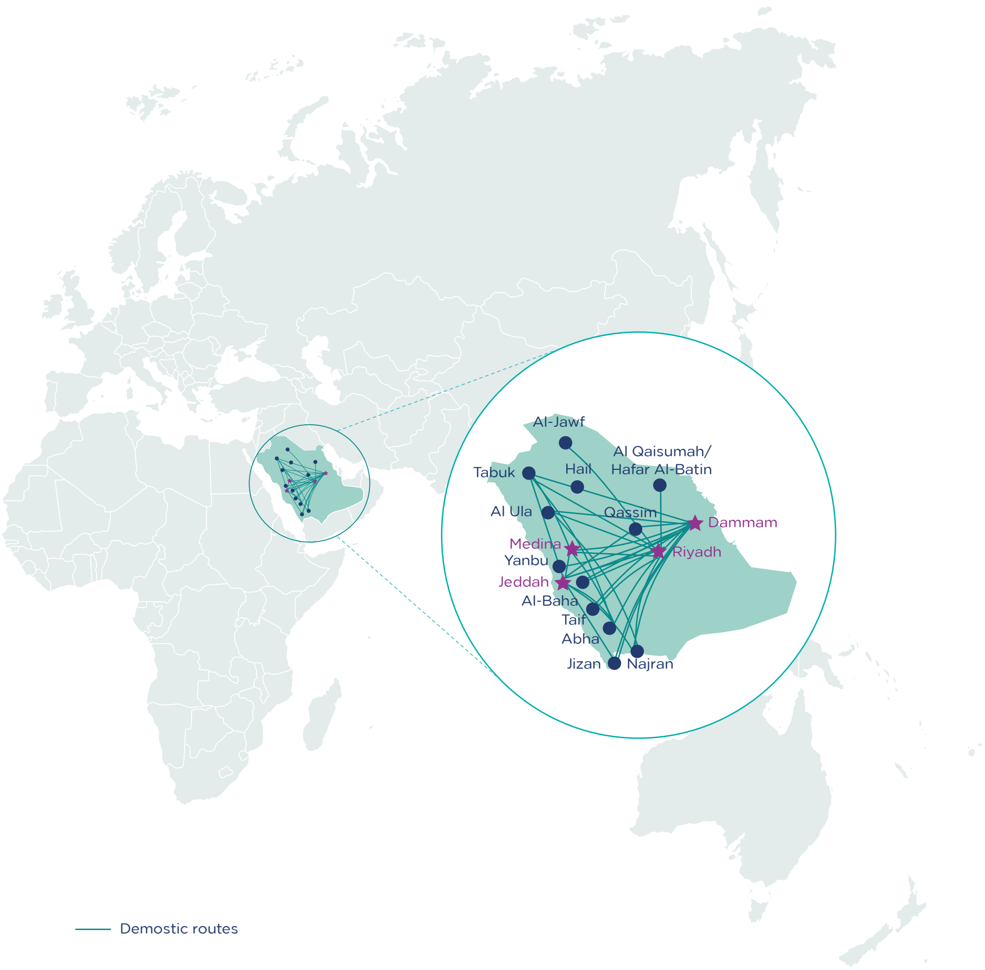
Source: The Company's annual financial statements and summary interim financial information.

A. Domestic Network

The Company serves all major airports across the Kingdom. The Company's strategy for domestic network focuses on increasing the profitability and passenger market share by maintaining on-time performance, providing low fare advantages and increasing its daily flight frequencies while also adding new routes that meet the Company's strategic and financial criteria. The larger objective is to capitalize on the size and population growth of the Kingdom and the various opportunities made available by the Kingdom's Vision 2030. As of 31 December 2023G, the Company operated, on a yearly average basis, 106 daily flights to 16 different airports on 33 routes within the Kingdom. The Company also operated 134 daily flights to 16 different airports on 33 routes within the Kingdom as of 30 September 2024G.

The following figure shows the domestic routes served by the Company under the flynas LLC business segment as of 30 September 2024G:

Figure 34: Domestic Routes Served by the Company Under the flynas LCC Business Segment as of 30 September 2024G



Source: Company's information

In line with its domestic strategy, the Company is focused on serving the top 6 domestic markets in the Kingdom, namely Riyadh, Jeddah, Dammam, Abha, Madinah and Jazan. Riyadh-Jeddah is the busiest route on which the Company carried approximately 1.6 million passengers in 2023G, while it was able to carry approximately 1.5 million passengers as of 30 September 2024G. The Company deploys on average up to 36 to 40 one-way flights per day during peak season on the Riyadh-Jeddah route, followed by the Jeddah-Dammam, Riyadh-Abha and Riyadh-Jazan routes, which have up to 14, 12 and 8 one-way daily flights respectively, during peak season. The number of flights for some of the routes can fluctuate during seasons and in times of high and low demand, particularly in the case of flights to and from Jeddah depending on the Hijri calendar, including in Ramadan and Hajj seasons. In general, seasonality is typically based on the school calendar and festive holidays in the Kingdom, including Eid, summer, mid-terms, the Saudi National Day and long weekends during the academic year, although traffic segments increasingly complement each other year-round.

The below table sets out details of the Company's top 5 domestic routes in terms of passenger numbers for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.28: Top 5 Domestic Routes in Terms of Passenger Numbers

Routes	Financial Year Ended 31 December						Nine-Month Period Ended 30 September			
	2021G		2022G		2023G		2023G		2024G	
	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)
Riyadh - Jeddah	876.9	-	1,407.7	61	1,637.1	16	1,143.6	11	1,492.4	31
Riyadh - Abha	300.6	-	465.1	55	473.3	2	337.5	(4)	406.4	20
Jeddah - Dammam	273.4	-	555.5	103	653.8	18	471.2	15	585.9	24
Riyadh - Jazan	254.2	-	303.2	19	295.8	(2)	197.8	(13)	236.6	20
Riyadh - Dammam	166.0	-	244.5	47	294.7	21	185.2	2	296.7	60

Source: Company's information

The Company continues to expand its network and increase the volume of domestic passengers and has successfully launched flights on 5 new domestic routes in 2023G, including the launch of 3 new routes following establishment of a new operations base in PMIA in Madinah. Furthermore, the Company has successfully launched flights on one new domestic route during the nine-month period ended 30 September 2024G. As of 30 September 2024G, the total number of domestic routes is 33.

The following table provides details of the Company's key operating metrics for the domestic scheduled passenger market for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.29: Key Operating Metrics for the flynas LCC Business Segment Domestic Scheduled Passenger Market

Scheduled Flights - Domestic	Units	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
		2021G	2022G	2023G	2023G	2024G
Passenger Revenue	SAR (Millions)	1,208.4	1,556.4	1,809.4	1,423.15	1,858.38
Other Revenue	SAR (Millions)	190.5	256.3	266.0	78.78	94.51
Total Revenue	**SAR (Millions)**	**1,398.9**	**1,812.7**	**2,075.4**	**1,501.93**	**1,952.89**
Average Stage Length (km)	Kilometer	988	984	984	984	971
Passenger Load Factor	%	56.9%	78.6%	82.7%	82.70%	85.60%
Block Hours per Day	Hours	164.2	182.3	192.1	194.5	180.4

Source: Company's information

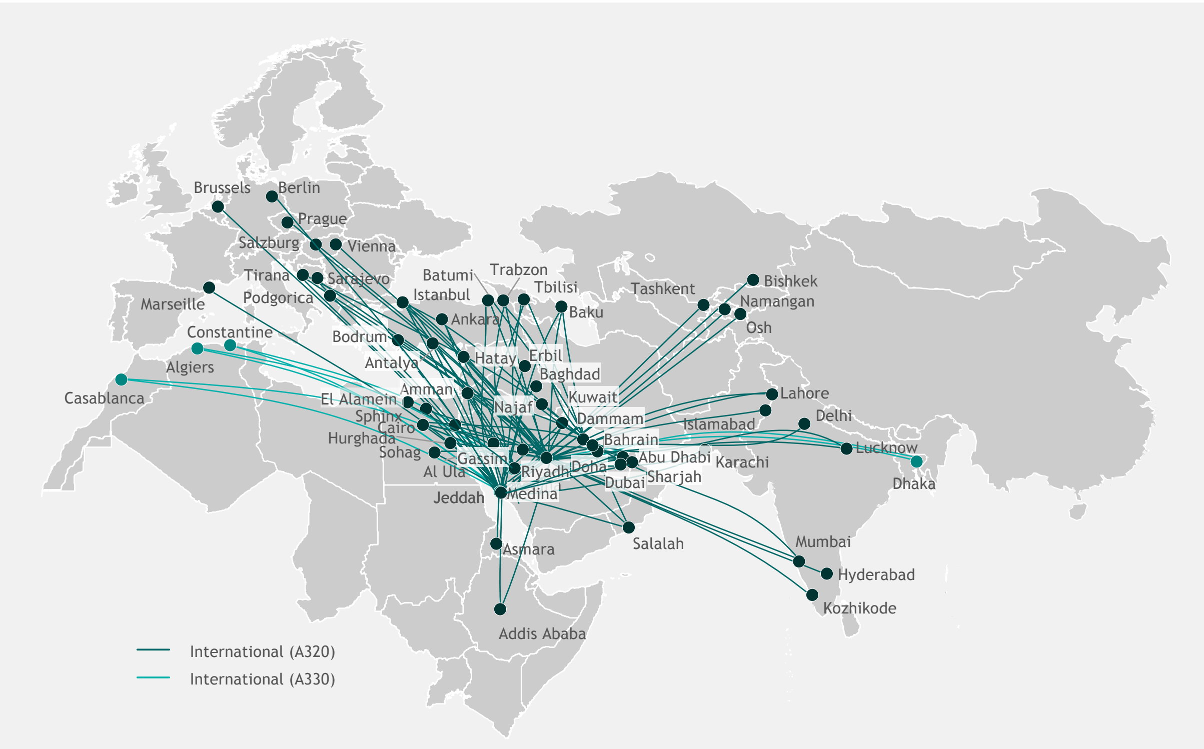
B. International Network

As part of the flynas LCC business segment, the Company serves 51 international destinations, across the Middle East, Asia, Africa, Central Asia and Europe, as part of its international network. The Company's focus with respect to its international network is on point-to-point traffic, however, transit traffic is gradually increasing with organic expansion of the network and focus on such opportunities. For example, transit passengers accounted for 7.7%, 7.6%, 10.7%, 10.2% and 5.6% of the Company's international passengers for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, compared to 92.3%, 92.4%, 89.3%, 89.8% and 94.4% for direct point-to-point passengers in the same periods, respectively.

During the financial year ended 31 December 2023G, the Company operated, on a yearly average basis, 108 daily flights to 52 airports outside the Kingdom on 103 routes. The Company also operated 132 daily flights to 56 airports outside the Kingdom on 106 routes within the Kingdom during the nine-month period ended 30 September 2024G.

The below figure represents the international routes served under the flynas LCC business segment as of 30 September 2024G:

Figure 35: International Routes Served Under the flynas LCC Business Segment as of 30 September 2024G:



Source: Company's information

The below table sets out details of the Company's top 5 international routes in terms of passenger numbers for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.30: Top 5 International Routes in Terms of Passenger Numbers

Routes	Financial Year Ended 31 December						Nine-Month Period Ended 30 September			
	2021G		2022G		2023G		2023G		2024G	
	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)	Passengers (thousands)	Change (%)(1)	Passengers (thousands)	Change (%)(1)
Riyadh - Dubai	185.2	-	553.8	199.0	732.2	32.2	512.2	33	671.5	31
Riyadh - Cairo	105.5	-	431.2	308.9	568.6	31.9	440.8	45	531.7	21
Jeddah - Cairo	76.4	-	308.9	304.1	510.3	65.2	372.2	81	530.2	42
Jeddah - Dubai	52.4	-	266.1	408.0	335.3	26.0	240.3	27	318.9	33
Riyadh - Amman	89.2	-	176.5	97.7	220.6	25.0	165.3	30	187.5	13

(1) Compared to the data for the nine-month period from the previous financial year.

Source: Company's information

The Company's international routes to and from Jeddah, Taif and Madinah rely substantially on the religious pilgrims, while routes to and from Riyadh and Dammam substantially rely on business, leisure, tourism and visiting friends and relatives (VFR) traffic. Egypt with 1.5 million passengers and 13 routes in 2023G and the UAE with 1.2 million passengers and 5 routes in 2023G, are the two largest international markets of the flynas LCC business segment in the financial year ended 31 December 2023G. Whereas Turkey with 17 routes is the largest in terms of number of routes, with 0.5 million passengers and in 2023G. During the nine-month period ended 30 September 2024G, the Egyptian market recorded 1.6 million passengers on 14 routes, the United Arab Emirates recorded 1.1 million passengers on 9 routes, and the Turkish market recorded 0.5 million passengers on 14 routes.

The following table provides details of the Company's key operating results for the international passenger market for the flynas LCC business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.31: Key Operating Results for the flynas LCC Business Segment International Passenger Market

International Flights	Units	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
		2021G	2022G	2023G	2023G	2024G
Passenger Revenue (1)	SAR (Millions)	906.4	2,095.7	2,823.8	2,307.3	2,862.3
Other Revenue	SAR (Millions)	133.6	347.5	387.2	82.3	170.6
Total Revenue	**SAR (Millions)**	**1,040.0**	**2,443.2**	**3,211.0**	**2,389.6**	**3,032.9**
Average Stage Length (km)	Kilometer	1,904	1,928	1,977	1,977	1,941
Passenger Load Factor	%	62.2%	72.9%	77.9%	77.90%	84.90%
Block Hours per Day	Hours	89	229	323	363.6	328.2

(1) The Company's audited financial information for the financial year ended 31 December 2023G and the financial information for the nine-month period ended 30 September 2024G.

Source: Company's information

C. Ancillary Revenue

The Company provides ancillary services and generates revenue through the provision of additional products and services. The components of ancillary revenue are: (i) ancillary passenger services; (ii) ancillary revenues related to passenger tickets; and (iii) other ancillary products and services, each as explained below.

As part of the Company's growth strategy, it evaluates the possibility of providing new ancillary products and services for customers. From the year ended 31 December 2021G to the financial year ended 31 December 2023G, ancillary revenue increased from SAR 390.8 million to SAR 779.0 million. Ancillary revenue amounted to SAR 795.8 million in the nine-month period ended 30 September 2024G, while ancillary revenue as a percentage of revenue from flynas LCC slightly decreased from 15.6% in the financial year ended 31 December 2021G to 14.9% in the financial year ended 31 December 2023G, and to 16.0% in the nine-month period ended 30 September 2024G.

The below table provides details on the growth in ancillary revenues for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G:

Table 4.32: Growth in Ancillary Revenues

Type of Service	Financial Year Ended 31 December						Nine-Month Period Ended 30 September			
	2021G		2022G		2023G		2023G		2024G	
	SAR (Millions)	%	SAR (Millions)	%	SAR (Millions)	%	SAR (Millions)	%	SAR (Millions)	%
Ancillary Passenger Services	203.3	114.3%	412.2	102.8%	495.5	20.2%	370.5	10%	571.5	54.30%
Ancillary Revenue Related to Passenger Tickets	78.8	120.5%	164.0	108.1%	199.4	21.6%	140.8	60.8%	184.8	31.30%
Other Ancillary Products and Services	108.8	32,743.0%	121.0	11.3%	84.2	(30.5)%	40.1	(1090%)	39.5	(1.70%)
Total Revenues from Ancillary Products and Services	**390.8**	**198.5%**	**697.2**	**78.4%**	**779.0**	**11.7%**	**551.4**	**17.50%**	**795.8**	**44.30%**
% of Revenue from flynas LCC	15.6%		16.1%		14.9%		14.20%		16.00%	

Source: Company's information

- ### Ancillary Passenger Services

From the financial year ended 31 December 2021G to the financial year ended 31 December 2023G, ancillary passenger services revenue increased from SAR 203.3 million, which represents 8.1% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2021G, to SAR 495.5 million, which represents 9.5% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2023G. In addition, ancillary passenger services revenue amounted to SAR 571.5 million, which represents approximately 54.3% of the Company's revenue from the flynas LCC business segment for the nine-month period ended 30 September 2024G, representing an increase from SAR 370.5 million in the nine-month period ended 30 September 2023G, which represents approximately 10.0% of the Company's revenues from the flynas LCC business segment for the same period.

As of 30 September 2024G, the Company's revenue from ancillary passenger services was derived from the following extra charges:

- **Seat selection:** By paying a fee, passengers are provided the option of selecting their preferred seat on their flight at the time of booking or during the online check-in. Prices vary depending on the location of the selected seat, seat pitch and the route.
- **Infant charges:** By paying an infant fee, a child up to two (2) years of age can share the seat with the parents/guardian.
- **Excess baggage:** Passengers booked in higher fare classes are generally permitted to check-in luggage without additional fees depending on the selected fare class. Passengers have the option to pay a per-kilogram baggage fee or choose from a variety of packages available for any excess baggage beyond what has been allocated to the passenger.

- **Pre-ordered meals:** Passengers can order their preferred meal in advance at the time of booking or at any time up to 24 hours before departure through the flynas Company website or smartphone application.
- **Lounge access:** Economy passengers are provided with the option to access the Company's VIP lounge for a fee, the amount of which varies by airport and depending on the applicable agreement with the VIP lounge services providers.
- **Upgrade fee:** Passengers are provided with an option to upgrade to premium economy class either through the Company's website or at the airport for a specific fee.

- **Ancillary Revenue Related to Passenger Tickets**

The Company's ancillary revenue related to passenger tickets increased from SAR 78.8 million, which represents 3.1% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2021G, to SAR 199.4 million, which represents 3.8% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2023G. In addition, the Company's ancillary revenue related to passenger tickets amounted to SAR 184.8 million, which represents approximately 31.1% of the Company's revenue from the flynas LCC business segment for the nine-month period ended 30 September 2024G, representing an increase from SAR 140.8 million in the nine-month period ended 30 September 2023G, which represents 60.8% of the Company's revenue from the flynas LCC business segment for the same period.

As of 30 September 2024G, the Company's revenue from ancillary ticket related fees was derived from ticket modification and cancellation fees. These fees vary according to: (i) the base fare class; (ii) the period of time before departure during which the modification or cancellation is made; and (iii) whether the ticketed route is domestic or international.

- **Other Ancillary Products and Services**

The Company's ancillary revenue related to other ancillary products and services reduced from SAR 108.8 million, which represents 4.3% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2021G, to SAR 84.2 million, which represents 1.6% of the Company's revenues from the flynas LCC business segment for the financial year ended 31 December 2023G. In addition, the Company's ancillary revenue related to other ancillary products and services amounted to SAR 39.5 million, which represents (1.7%) of the Company's revenue from the flynas LCC business segment for the nine-month period ended 30 September 2024G, representing a decrease from SAR 40.1 million in the nine-month period ended 30 September 2023G, which represents approximately 10.9% of the Company's revenue from the flynas LCC business segment for the same period.

The Company's current portfolio of other ancillary products and services comprises the following:

- **Cargo services:** The Company offers cargo services in cooperation with World Cargo Solutions DMCC ("**WCS**"), a leading global specialist in cargo services. The Company started engagements with World Cargo Solutions DMCC in the third quarter of 2017G as its cargo handler company, on a one (1) year rolling revenue-sharing contract.
- **In-flight sales:** In-flight sales include a wide range of beverages and food, including soft drinks, juices, sandwiches, meals, nuts, cookies and other packaged food items, all provided by Catrion Catering Holding Company. The Company also sells duty free products on-board, including perfumes, sunglasses and watches as well as souvenirs that are flynas-branded, all from the same supplier, Catrion.
- **Advertisement:** The Company earns advertising revenue through various products and promotions included in in-flight advertisements and on boarding passes.
- **Commissions:** The Company earns commissions from hotel bookings, car rentals and ground transportation through agreements with multiple online service providers, including booking.com, Car Trawler and Sherpa.

4.4.2 flynas Hajj and Umrah

The flynas Hajj and Umrah business segment mainly serves foreign pilgrims travelling to the Kingdom, and particularly to Makkah and Madinah. This includes a combination of scheduled flights as well as charter flights which are not flown on set routes or schedules, but are typically arranged based on seasonal demand. The aircraft mainly used are of wide bodies (either on wet or dry leases). As of 30 September 2024G, the flynas Hajj and Umrah business segment fleet includes 14 dry-leased A330ceo aircrafts. The Company also leased 10 aircrafts on a wet-lease basis during the financial year ended 31 December 2023G, which were a combination of A330ceo and A330neo models, and were subsequently returned during the same year, noting that the Company did not wet lease any aircraft during the nine-month period ended 30 September 2024G. flynas Hajj and Umrah mainly caters to pilgrim groups during the Hajj period, typically secured through Hajj quota allotted and arranged through various foreign government authorities. This segment also serves Umrah pilgrim groups for the rest of the year which are arranged through agents in various markets, as well as nominal sales to individual passengers.

The flynas Hajj and Umrah business segment can be divided into two sub-segments as follows:

A. Hajj Services

Hajj is an annual Islamic pilgrimage performed in Makkah over 5 to 6 days during the twelfth month of the Hijri calendar, Thul-Hijjah. During the Hajj season of 2023G, approximately 1.9 million pilgrims performed Hajj, of which approximately 1.7 million were from outside the Kingdom. The Company served approximately 100.6 thousand pilgrims during the Hajj season of 2023G under this business segment, in addition to pilgrims served through scheduled flights from existing markets as part of the flynas LCC business segment, compared to 38.0 thousand pilgrims during the Hajj seasons of 2022G, with limited Hajj capacity following the COVID-19 pandemic. During 2021G, the Company did not participate in transporting any pilgrims within this business segment; as restrictions were imposed due to the COVID-19 pandemic, which included a number of restrictions that affected the Hajj season operations, having less than 60.0 thousand Hajj pilgrims with no foreign pilgrims allowed. Hajj pilgrims were served using wide body aircraft on charter flights covering 13 markets in the year 2023G, namely Bangladesh, Kazakhstan, Comoros Islands, Mauritania, Morocco, Algeria, Nigeria, Burkina Faso, Senegal, Cote d'Ivoire, Ghana, India and Niger. Revenues from Hajj services represented zero, 4.9%, 12.7%, 14.9% and 11.3% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively.

The Company generally provides its Hajj services to government authorities in various foreign countries that contract with various carriers for the purpose of transporting pilgrims. The Company provided its services to zero, 12, 13, 13 and 13 government authorities during the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively. As a result, the Company's Hajj services are generally not considered a direct-to-consumer model. Hajj services are operated by the Company on a charter flights basis, as the Company contracts with authorities which manage and allocate seats to its citizens - as pilgrim groups. Pilgrims are flown to and from the Kingdom in two (2) phases, starting with flying into either King Abdulaziz International Airport (KAIA) in Jeddah or Prince Mohammad Bin Abdulaziz International Airport (PMIA) in Madinah before the Hajj season and then returning after the Hajj season. However, it is worth noting that a pilgrim's typical itinerary can extend up to 4 to 5 weeks, as it generally includes visiting the Prophet's Mosque and numerous sites in Madinah.

The Company has traditionally wet-leased up to 12 wide body aircrafts each year, such as A330, B767 and B777 aircrafts. To enable the Company to meet targeted growth, the Company has recently added 4 A330 aircrafts to its fleet on a dry lease arrangement, all of which are being utilized for the Company's Hajj and Umrah services, as necessary. The Company is exploring plans for additional dry lease widebody aircraft in coming years to increase the Hajj market share.

It is also worth noting that the Company, through its Hajj services, also serves dignitaries and delegations that are official guests of government bodies in the Kingdom, who are generally offered complementary visas by the local authorities to perform pilgrimage. The Company provides packages including accommodation and transportation to such delegations from various countries, as primary service provider allocated by the Ministry of Hajj and Umrah. The Company generally provides such packages on a cost plus basis, and has recorded revenue from such services which represented zero, 0.9% and 2.6% of the Company's revenue for the financial years ended 31 December 2021G, 2022G and 2023G, respectively.

The following table provides details of the Company's key operating results for Hajj services within the flynas Hajj and Umrah business segment for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 4.33: Key Operating Results for Hajj Services for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

Hajj Charter Flights	Units	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
		2021G(2)	2022G	2023G	2023G	2024G
Number of Pilgrims	Hajj Pilgrims(1)	-	38,047	100,618	100,618	79,720
Net Revenue	Million SAR	2.9	285.9	980.9	894.3	760.9

(1) The number of customers under Hajj services are generally reported as individual pilgrims, not as passengers. Accordingly, pilgrims generally represent two passengers, specifically a passenger on the journey to and from the Kingdom.

(2) Due to COVID-19 restrictions during the 2021G Hajj season, the Company has not recorded any operating results during the financial year ended 31 December 2021G.

Source: Company's information

B. Umrah Services

Umrah is an Islamic pilgrimage performed in Makkah, that can generally be undertaken at any time of the year, in contrast to the Hajj, which has specific dates according to the Hijri calendar.

As part of its Umrah services launched in 2023G under the flynas Hajj and Umrah business segment, the Company carried approximately 0.2 million Umrah passengers across 4 markets, namely Algeria, Bangladesh and Morocco, during the financial year ended 31 December 2023G. During the nine-month period ended 30 September 2024G, the Company carried approximately 0.1 million Umrah passengers across 3 markets, namely Algeria, Bangladesh and Morocco. Passengers carried exclude pilgrims who have been served via scheduled flights from existing markets as part of the flynas LCC business segment. Revenue and operational data from Umrah flights were reflected as part of the flynas LCC business segment for the financial year ended 31 December 2023G and for the nine-month period ended 30 September 2024G.

The Company's Umrah services generally rely on dry leased wide body aircraft, such as A330 aircraft, to service the target customers, namely, travel groups typically arranged through agents in various markets, and minor demand from individual passengers. Flights provided to such groups can be a combination of scheduled or charter flights. Starting 2023G, the Company utilizes four (4) A330 aircrafts recently added to its fleet on a dry lease arrangement, which are mainly being utilized for the Company's Hajj and Umrah services, as necessary.

4.4.3 flynas General Aviation (NasJet)

The flynas General Aviation (NasJet) business segment is the Company's third business segment in terms of profitability and revenue, and offers two main services, private aircraft management and charter flights. Charter flights relate to the operation of private flights under agreements entered into with specific parties, these agreements are priced based on the flight duration or flying hours. The Company believes that the risks related to the flynas General Aviation business segment are relatively low, due to being based on a model that does not include asset ownership, sharing of charter revenue, and are priced based on markup on cost. Revenues generated from the flynas General Aviation business segment amounted to SAR 165.3 million, SAR 168.9 million, SAR 182.5 million, SAR 113.4 million and SAR 144.7 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 6.2%, 3.5%, 2.9%, 2.3% and 2.5% of the Company's revenues during the referenced periods, respectively.

A. Aircraft Management

As of 30 September 2024G, the Company manages a fleet of 10 aircrafts under NasJet, which is generally in line with the average number of aircraft managed during the last 3 years. The Company provides a distinctive and unique ownership experience to aircraft owners through management of the day-to-day operations of their aircraft, and permits its customers to enjoy the privileges of the private aircraft ownership in return for an agreed cost-plus markup arrangement. The Company offers a full spectrum of services, including crew recruitment and training, proactive maintenance, meticulous operational oversight and comprehensive insurance coverage, through a process tailored to individual client requirements. The Company's cost-plus markup and fee structure and a transparent and fair pricing method ensure compatibility between its interests and those of its customers by focusing on efficiency and quality of service, according to the Company's customer-centric approach which underscores its role as a leading provider in the private aviation industry.

B. Operation of Charter Flights

The Company has developed a strategic approach to aircraft management that serves aircraft owners and also caters to the growing demand for private charter flights. By offering private flights, including charter flight package agreements and ad-hoc charter flights, the Company maximizes the utilization of available capacity on managed aircraft. This model benefits its clients by providing a revenue stream that can offset a portion of the costs of aircraft ownership. As of 30 September 2024G, the total number of aircraft managed by the Company which are utilized for the operation of charter flights amounted to 10 aircrafts, compared to 10, 13 and 14 aircrafts as of 31 December 2023G, 2022G and 2021G, respectively.

The Company's charter flights services are designed with flexibility, appealing to a diverse clientele, according to a strategy aiming to create a symbiotic relationship between aircraft owners and charter flights customers, where owners enjoy the financial advantages of revenue-sharing models, and charter flights customers are able to experience the luxury and efficiency of private aviation.

The Company's low-risk business model is predicated on not owning assets, which allows it to focus on delivering exceptional service without the financial burden of fleet acquisition and depreciation. The Company enters into agreements and arrangements within Flynas General Aviation (NasJet) Services to share aircraft leasing and operating revenues with aircraft owners without owning them, ensuring a sustainable and profitable operation for the Company and its partners.

4.5 The Company's Fleet

The Company provides scheduled and unscheduled point-to-point air travel using highly cost-efficient aircraft, including Airbus A320ceo and Airbus A320neo aircraft, in addition to temporary wet-lease capacity as needed. For the flynas LCC business segment, wet-leases are generally narrow-body aircraft such as B737 and A320 aircrafts. Whereas for the flynas Hajj and Umrah business segment, wet-leases are generally wide-body aircraft such as A330, B777 and B747 aircrafts. As of 30 September 2024G, the Company's dry lease fleet comprises of 61 aircrafts, of which 53 are Airbus A320neo aircrafts, 4 are Airbus A320ceo aircrafts, and 4 are Airbus wide-body A330 aircrafts. In addition, the specialized Hajj services sub-segment under the flynas Hajj and Umrah business segment has traditionally wet-leased several wide-body aircraft each year since 2009G to cater for the Hajj season, and the Company expects to continue with wet-leasing aircraft in the coming years to support the fleet requirements for seasonal and additional demand.

The below table sets out the Company's dry-leased fleet for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 4.34: Dry-Leased Fleet for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Periods Ended 30 September 2023G and 2024G

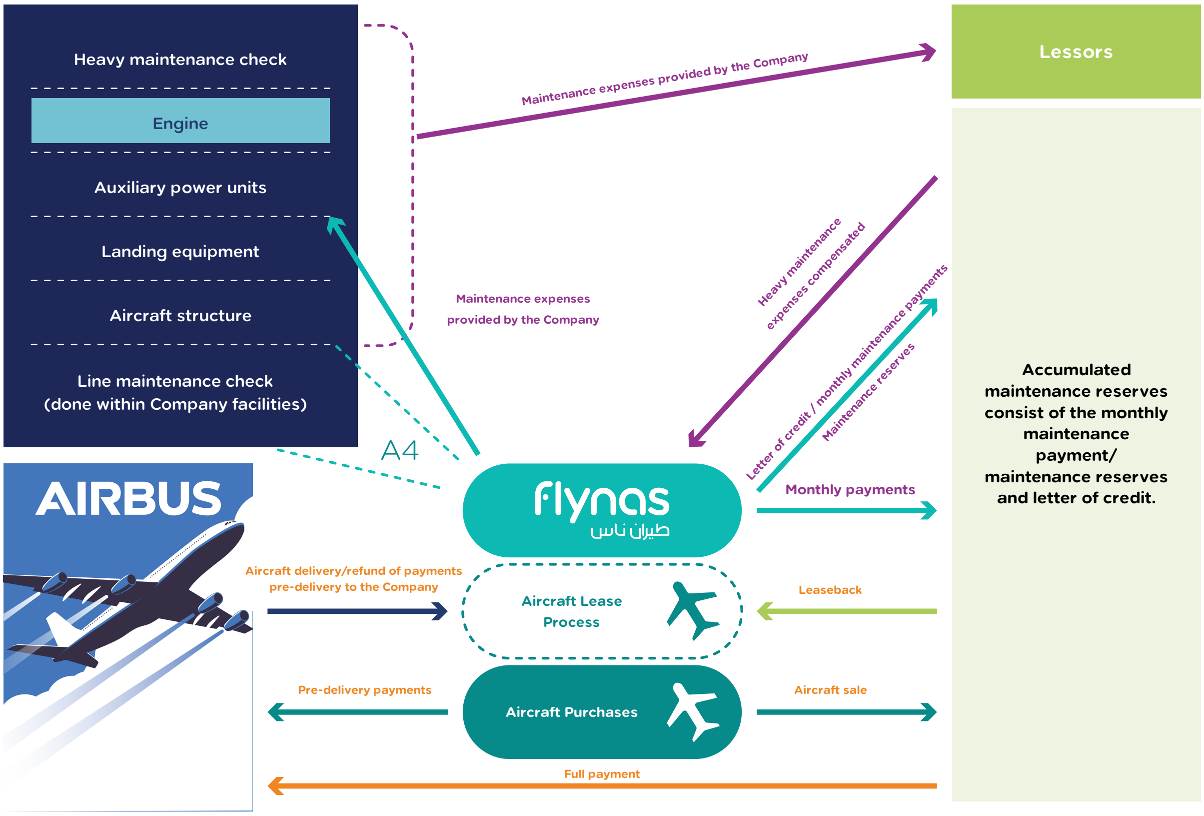
Fleet	Seats	Financial Year Ended 31 December			Nine-Month Period Ended 30 September	
		2021G	2022G	2023G	2023G	2024G
Airbus A320neo	170-174	20	28	47	39	53
Airbus A320ceo	170-174	14	13	5	5	4
Airbus A330ceo	335-337	-	3	4	4	4
Total		**34**	**44**	**56**	**48**	**61**

Source: Company's information

The Company relies on aircraft sale-leaseback operations for the purpose of leasing aircraft on a dry lease basis to operate them within its fleet through a number of steps. These include entering into an agreement to purchase the aircraft from the manufacturer and paying part of the purchase price before the full purchase price is paid by the lessor (with the Company recovering the partial payment it provided) and ownership of the aircraft is transferred to the lessor. The aircraft is then leased back by the Company for the purpose of operating it as part of its fleet. Dry leasing aircraft is a common practice in aviation as a short-term operational leasing method, as it allows companies and individuals to operate aircraft for specific periods without purchasing them directly. The Company and other companies rely on leasing aircraft on a dry lease basis because it enables them to lease aircraft without a crew or other support services and manage the operation, maintenance and insurance of their aircraft as they see fit, in addition to relying on their crews and their expertise.

The following figure shows the arrangements as part of the purchase and leaseback of aircraft for the purpose of leasing aircraft on a dry lease basis:

Figure 36: Arrangements as Part of the Purchase and Leaseback of Aircraft for the Purpose of Leasing Aircraft on a Dry Lease Basis



Source: Company's information

In the nine-month period ended 30 September 2024G, the Company carried 10.9 million passengers, compared to 7.9 million passengers in the nine-month period ended 30 September 2023G, while the Company carried 11.2 million passengers in 2023G, compared to 8.7 million and 4.6 million in 2022G and 2021G, respectively. During the nine-month period ended 30 September 2024G, the Company operated over 1.9 thousand departures per week with an average of 5.1 flights departures per day per aircraft, and operated over 1.4 thousand departures per week with an average of 4.9 flights departures per day per aircraft, compared to 1.3 thousand departures per week with an average of 5.3 flights departures per day per aircraft in 2023G, compared to over 1.5 thousand departures per week with an average of 5 flights departures per day per aircraft and 1.3 thousand departures per week with an average of 5.3 flights departures in 2022G, and 0.9 thousand departures per week with an average of 4.9 flights departures per day per aircraft in 2021G. Further, the Company's average flight duration was 2.0 and 1.9 block hours during the nine-month periods ended 30 September 2023G and 2024G, which helped in achieving an annual average aircraft utilization of 12.4 block hours per day, compared to an average 2.3 block hours with an annual average aircraft utilization of 12.0 per day during 2022G, and an average 2.0 block hours with an annual average aircraft utilization of 9.9 per day during 2021G.

4.6 Overview of New Initiatives, Plans and Services

A. Fleet Expansion

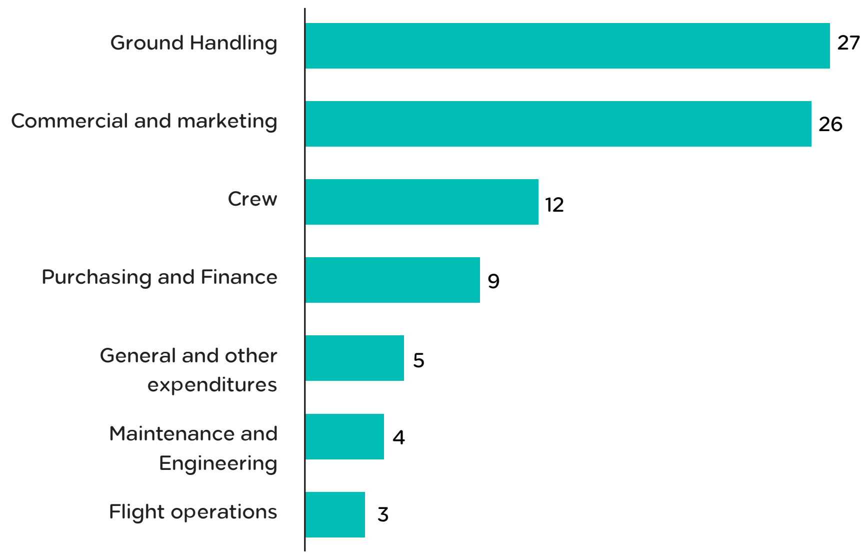
The Company had placed an aircraft purchase order with Airbus in December 2016G, pursuant to which the Company has agreed to purchase 195 narrow-body aircraft, including 159 A320neo aircraft and 36 A321neo aircraft. In addition, the Company has concluded a separate aircraft purchase agreement with Airbus for the purchase of 30 wide-body A330neo aircraft. This agreement includes a firm order for 15 aircraft and an option to purchase an additional 15 aircraft of the same model and obtain the necessary training for the operation of such aircraft, of which 53 aircrafts have been delivered as of 30 September 2024G. With the delivery of the new generation of A320neo aircraft, over the course of last 5 to 6 years, the Company has been able to replace approximately 84% of its dry leased narrow-body older generation of A320ceo aircraft.

The Company has become the largest operator of modern aircraft in the Middle East region as of 30 September 2024G, with 53 A320neo aircrafts on dry lease (for further information, please refer to Section 4.5 "**The Company's Fleet**" of this Prospectus). The Company has a firm order for 195 aircraft. In November 2024G, the Company entered into a new agreement with Airbus to purchase 30 wide-body A330neo aircraft, based on a firm order for 15 aircraft and an option to purchase an additional 15 aircraft of the same model, bringing the total aircraft orders to 225, considering that 53 of these aircrafts have been received as of 30 September 2024G.

The Company expects to continue wet-leasing aircraft in future years as and when needed, in order to support its Hajj charter flights services. The Company is also planning to dry-lease wide-body aircraft in the coming years, with the Company's Board of Directors approving the request for thirty (30) wide-body aircrafts.

With the Airbus Purchase Agreement, the Company has transitioned its fleet rapidly into a more cost-efficient and younger fleet, lowering the cost of its operation and improving the efficiency of its flight operations. The Airbus A320neo aircraft are configured in seating configuration of 174 passengers in dual class seating and have a flight range of approximately 5,200 kilometers, compared to a maximum of 4,600 kilometers in the previous generation Airbus A320ceo fleet. The Airbus A320neo aircraft also features efficient new generation LEAP-1A engines and vertical wing tips that generate approximately 15-20% more fuel savings when compared to the previous Airbus A320ceo model. These fuel savings, in turn, result in decreased carbon dioxide emissions. Because of their new engines, the Airbus A320neo aircraft can carry an extra load of 1.4 tons compared to Airbus A320 aircraft. The Company aims to generate an annual recurring value of USD 35-50 million over the next 12 months, with a specialized conversion division in-house. In addition, the Airbus A320neo aircraft ordered by the Company have a higher take-off weight allowance, which allows an additional 630 kilometers flying range compared to earlier A320ceo, and have helped expand the Company's operations to new destinations in Europe, Africa and the Indian subcontinent.

Figure 37: Creating Annual Recurring Value for the Company by Adopting a Cost Conversion Initiative ("LEAP" 2020G2021G)



Source: Company's information

The Company's Airbus A320neo aircraft have a flexible cabin of premium class and economy class seats. The Airbus A320neo aircraft is configured with up to 16 premium economy class seats with a 33 inch pitch plus 150 economy seats with a pitch of either 30 or 31 inches (and wider at emergency exits). The flexibility of the configuration also allows as many as 174 seats in all-economy service, offering additional earning potential for the Company as well as passenger comfort. The A320ceo aircraft, though originally not in above configuration, have been retrofitted to a similar configuration as A320neo aircraft to provide operational flexibility.

The Company's current Airbus A330ceo fleet is configured with 335 to 337 economy seats with a seat pitch of 28 to 30 inches (wider at emergency exits to conform to international safety standards).

The below table sets out broad expected inflow of the Company's fleet in the coming years, until 2033G, which is expected to be the final year of deliveries under the Airbus Purchase Agreement along with any gaps in deliveries to be filled using slot swaps and the new fleet order:

Table 4.35: Expected Inflow of the Company's Fleet Between 2025G and 2033G

Year	Financial Year Ended 31 December		
	2025G	2026G to 2028G	2029G to 2033G
Airbus A320neo	44,447,223	15	83
Airbus A321neo	-	-	36
Airbus A330neo	-	9	6
Total	**8**	**24**	**125**

Source: Company's information

The Company evaluates its aircraft needs and market conditions on an ongoing basis. The Company's focus on having low operating costs means that it must periodically review its fleet composition. The Company's fleet composition may change over time and if it concludes that adding other aircraft types would contribute to achieving its goals. However, as the Company aims to preserve the low-cost structure of its operations, its approach to its fleet composition is based upon having aircraft of the same family type with the lowest possible operating costs combined with a low acquisition price. As a result, the introduction of any new aircraft type to the Company's fleet will only be done if, after careful consideration, the Company determines that such a step will reduce its operating costs or generate more revenue to improve overall profits.

B. New Bases

With the Company's current bases in KKIA in Riyadh, KAIA in Jeddah, KFIA in Dammam and PMIA in Madinah, the Company aims to expand its bases in the Kingdom through adding a few additional bases over the course of 2 to 3 years.

The Company aims to use the "first mover advantage" to become the dominant airline in its new bases in the Kingdom, enabling it to offer domestic flights, as well as selected international leisure and tourism flights, in order to serve all segments of society. Additionally, the Company aims to be the leading airline in its new bases, reinforcing inter-city connectivity through network expansion.

C. Network Expansion

The Company intends to continue strengthening its position on domestic and other existing key markets while expanding its network across the range of five to six hours outside the Kingdom using A320neo aircraft and beyond such time frame once A321neo aircraft are delivered. The focus of the Company is on a judicious mix of different types of routes consisting of high yield/low volumes, low yield/high volumes, etc. and is looking to actively build the first-mover advantage while targeting a balance of breadth in new markets vs depth in current markets.

D. Nas holidays

The Company intends to focus more on some of the opportunities available in a passenger's booking journey including visa, holiday packages or transport for both religious and leisure tourists. The Company has started to take steps in this direction and has established a product under the name "Nas holidays". Additionally, the Company is the sole LCC providing a "stop over" visa, allowing passengers to stay in the Kingdom for up to 96 hours, which is exclusively available to Saudia and flynas Company as a result of new government policy to strengthen tourism in the Kingdom.

E. Digital Transformation

The Company believes that its digitalization transformations pillars will play an instrumental role in achieving the Company's growth plan by reducing time to market digital products and increase ancillary revenues as well as improve the passenger journey experience. The Company's five digital transformation pillars are summarized as follows:

- **Digital Traveler Experience:** Improve digital touchpoints to maximize customer retention and boost ancillary sales.
  - Defined the future customer experience journey with leading digital experience advisory firms.
  - Defined digital requirements for a new mobile application and across digital channels.
  - Established cost effective delivery of digital solutions by accessing skilled labor from various relevant markets.
  - Identified strong digital transformation partner for strategy and implementation.
- **Digital Commercial Management:** Improve sales and customer support capabilities, personalize the experience and increase sales.
  - Significant investments in passenger service system upgradation to enrich content offering on all sales channels.
  - Managing future personalization platforms selected for targeted marketing.
  - Managing customer relationships selected to enhance customer management.
- **Operational Excellence:** Optimized architecture, and automated processes to boost productivity so as to reduce costs through innovative technology.
  - AMOS implementation, which is an engineering software solution for the management of aircraft maintenance engineering and logistics that has fully digitalized the maintenance, repair and overhaul function.
  - Platform expansion and modernization.
  - Implementing oracle database fusion to ensure back-office efficiency.
  - Modernize integrations through an integration layer for security and optimum management.
- **Insights Driven Enterprise:** Use of data for insights and predictions and generate customer insights.
  - An ongoing project to improve data governance in line with regulations.
  - Data warehouse implemented to deliver enhanced reporting.
  - Projects planned to implement a cloud platform for building state of the art data and artificial intelligence capabilities.
- **Information Technology ("IT") and Digital Foundation:** Modern IT platforms with a hyper efficient and effective IT and Digital Operations thereby having an elevated IT operating model and sourcing approach to increase speed and quality and maintain low costs.
  - Moving majority of platforms to AWS and Azure cloud to modernize IT infrastructure.
  - Establishing state of the art operation capabilities to ensure business continuity and monitoring IT resources.
  - Redesigning the Company's IT operating model to increase agility and time to market new services.

The Company is currently developing an action plan for its future digital strategy and the implementation plan is expected to extend over a period of 3 years. To deliver on its strategy, the Company has established a strong cloud foundation and IT governance and key strategic digital initiatives have already been initiated.

4.7 Overview of the Company's Operations

4.7.1 Revenue Management

The Company operates a dynamic pricing and revenue management system. It seeks to offer its customers lower prices based on advance booking according to forecasted low demand. Tickets are generally priced on a one-way basis. The Company has also introduced attractive fares for connecting journeys, whether domestic to domestic, domestic to international, international to domestic or international to international round trips.

The revenue management system is automated and powered by airRM and RM Boost software which optimize inventory through programs selected by the revenue manager responsible for the routes and flights. This system can be calibrated to be either fully automatic or fully manual or a combination of both, depending on the time of year (seasonality) or the competitive environment. The system can be structured to operate by flight, route and market depending on the manager's view of the recommendations and/or the market volatility.

4.7.2 Network Planning

The Company manages its growing network through its network planning team with the aim of achieving sustained profitability and planning for robust and punctual flight operations. The department's responsibilities include building long term airline flight programs, evaluation of opportunities to add or eliminate routes and changing timings or frequencies on existing destinations through rigorous financial and economic analysis in line with expected new aircraft data, demand changes and new market opportunities.

Network planning is a central operation and involves closely working with internal and external stakeholders including revenue management, sales, finance, government relations, fleet planning and airports teams, to ensure all network decisions are working towards meeting the Company's larger commercial objectives.

The network planning team is made up of planners, analysts, schedulers, and those responsible for obtaining the necessary landing permissions.

4.7.3 Flight Operations and Operation Control Center

The Company operates a centralized operations control center ("**OCC**"), which is based at the KKIA in Riyadh, is staffed 24/7 with experienced operations and maintenance controllers, flight dispatchers, crew schedulers, logistics specialists and meteorologists and is supported by state-of-the-art systems. The OCC manages and oversees the execution of the Company's flight schedules with the aim of ensuring an efficient usage of resources and strict adherence to aviation rules and regulations.

Flights from each of the Company's four bases in the Kingdom are generally scheduled so that the aircraft return to their base on the last flight of the day, thus reducing overnight crew costs. In addition, the Company optimizes allocation of flight crew, as 60% of the Company's flight schedule is operated by the same crew flying four sectors, in line with GACA's duty time limitations and rest periods.

The Company's operating plans are essential for the achievement of its goals. The Company aims to maximize aircraft utilization so that it can increase revenue and reduce the cost per available seat kilometer. Further efficiencies are derived by reviewing and enhancing procedures aimed at reducing aircraft turnaround time (for example, passenger boarding by zone), which contributes to the Company's concept of OTP. It is measured as the actual departure time being within 15 minutes of the scheduled departure time. During the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, the Company had an average OTP of 86%, 75%, 84%, 83% and 88%, respectively. The Company is currently the only LLC airline in the Kingdom that publishes its OTP. The Company's OTP is the result of strong coordination between the operations, ground staff, maintenance staff and network planning. The Company strives to ensure the continuity of OTP and improve its operating record, through well-considered investments in equipment and resources and its operations teams.

The Company uses the aircraft communications addressing and reporting system ("**ACARS**"), which is the digital communication system and an industry standard for aircraft communications used today on the modern flight deck. The ACARS enables the Company to communicate efficiently between aircraft and ground stations.

All flight-scheduling and crew-fostering functions in the Company's operations control center, including decision-making regarding crews, aircraft scheduling and passenger load sheets are managed by airplane information management systems ("**AIMS**"), which are systems provided by a third party.

The Company uses JetPlan, a web-based application software, to issue operation flight plans, dispatch releases, notice to airmen, which is a notice distributed by means of telecommunication and electronic information network, containing information on the establishment, condition or change in any aeronautical facility, service, procedure or hazard, the timely knowledge of which is essential to personnel concerned with flight operations, radio and audio integrated management system ("**RAIMS**") predictions and weather information. JetPlan and JetPlanner are also used to manage the Company's aircraft database, including aircraft weights and limitations. The Company also utilizes the Jeppesen E-Link program, which provides up-to-date enroute and terminal charts utilized for departure, destinations, and other potential airports and routes.

The OCC closely monitors the Company's aircraft and their movements. This is particularly important during irregular operations, such as weather, technical delays and diversions, to decide on the continuation, diversion or grounding of flights. In an emergency situation, the OCC is responsible for activating an emergency response plan for which all relevant employees were trained to execute.

It is also worth noting that the Company has developed an emergency response plan ("**ERP**") for business continuity that aims to support operations during incidents of disruptions. The Company's ERP was fully activated in 2022G and the Company has successfully conducted a scheduled major ERP exercise in February 2024G with full participation of KKIA in Riyadh, Saudi Air Navigation Services Company, fire and medical services, Saudi Ground Services Company ("**SGS**") and other emergency services. During the exercise, the Company's external ERP service provider, Canyon Emergency Services, activated the Company's business continuity plan, and notified GACA, the Company's insurance providers and the aircraft recovery providers as part of the ERP protocol.

4.7.4 Ground Operations

The Company manages, oversees and monitors its ground operations to ensure the highest level of safety, quality and efficiency to the Company's customers, crews, and equipment. Most of such services are outsourced to third parties, including, but not limited to: (i) passenger ground handling; (ii) check-in and boarding services; (iii) movement of passengers and crew; and (iv) ramp services (for example the loading and unloading of baggage, cargo and cleaning of aircraft).

The majority of ground handling contracts are negotiated and reviewed on an annual basis, except for handling in the Kingdom being provided by SGS, which was negotiated for 5 years. The Company monitors all ground handling agreements, which may generally include the possibility of penalties imposed on the service providers in the case of non-adherence to the agreed service levels.

The Company is also billed for airport fees and charges, for landing and use of airport facilities by respective airports. As part of the Company's cost savings efforts, it seeks to negotiate advantageous terms for certain airport charges and other rebates where possible. Additionally, the Company seeks to make timely payments to all service providers and suppliers, which has contributed in the past to discounts that reduce operational expenses.

4.7.5 Aircraft Maintenance

The Company is engaged in the carriage of passengers and baggage and thus is required to follow the relevant regulatory framework of the US Federal Aviation Regulations (FAR) and the General Authority of Civil Aviation (GACA). The Company's A320neo and A330ceo aircraft are registered with GACA, and the A320ceo aircraft are registered with the Civil Aviation Authority of Cayman Island ("**CAACI**"). The Company's maintenance and engineering department holds valid line maintenance repair station approvals from both GACA and CAACI to carry out maintenance to the level of line maintenance on respective aircraft.

The maintenance performed on the Company's aircraft can be divided into 2 general categories: line maintenance and heavy maintenance. Line maintenance consists of routine, scheduled maintenance checks on the Company's aircraft, including pre-flight, daily checks and weekly checks, as well as any diagnostics and non-routine defect rectification. Heavy maintenance consists of more complex inspections, maintenance and repairs of the aircraft that cannot be accomplished overnight. Note that the Company, as the lessee, is obliged to conduct maintenance on the aircraft and primary components thereof during the lease period and until the aircraft is returned to the lessor at the end of the period. The Company is usually charged maintenance fees by the lessor through monthly lease payments, however the Company and other airlines may prefer to rely on letters of credit for the purpose of financing part or all of the related maintenance costs. The value of the letters of credit used by the Company to finance part or all of the related maintenance costs amounted to SAR 21.9 million, SAR 111.3 million, SAR 627.4 million, SAR 461.5 million and SAR 1,047.8 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

Aircraft maintenance operations include in-house management of maintenance processes, the line maintenance and the daily, weekly and out of phase checks up to the level of pre-flight and daily checks. These checks, which also optimize aircraft serviceability, are carried out according to the highest level of aviation safety and quality standards.

Maintenance assets include certain considerations, namely: (1) fixed costs for airframe inspections, which take place at two intervals, the first after the first 6 years and the second after the remaining 6 years of the aircraft lease; (2) fixed costs for landing gear maintenance over a 10-year period to cover the relevant components; (3) engine maintenance costs, which rely on performance restoration workshop visits and are determined by expected flight hour usage; (4) engine life-limited parts (LLPs) are expected to cover replacements at specified intervals under the lease agreement; (5) auxiliary power unit (APU) repair costs are projected based on flight hour usage; (6) maintenance assets are recognized based on the present value of the expected contractual maintenance costs (including engine, airframe, landing gear and APU) under the aircraft lease agreements; and (7) the right-of-use (RoU) related to the maintenance asset is depreciated based on flight hour usage or fixed terms applicable as in aircraft leases.

As of 30 September 2024G, the Company outsources all major maintenance, such as major maintenance and repairs of the aircraft that cannot be accomplished overnight and engine refurbishments, to well-known maintenance and repair organizations such as Lufthansa Technik, Turkish Technic and MTU Aerospace, which also facilitate the necessary European Union Aviation Safety Agency ("**EASA**") and CAACI approvals.

In addition, the Company has entered into several agreements whereby it pays third parties for the maintenance of major components on a monthly basis at a fixed hourly rate. These agreements serve as a form of insurance in the Company's favor against the possible risks of unscheduled maintenance or cost overruns, as under these agreements the Company should not be required to pay additional amounts over those paid on a monthly basis. The Company is currently enrolled in the following programs (for further information, please refer to Section 13.4.5 "**Aircraft Engine Supply and Maintenance Agreements**" and Section 13.4.6 "**Aircraft Maintenance Agreements**" of this Prospectus):

- CFM Agreement for LEAP-1A engines maintenance;
- Total Component Support from a third party provider with Turkish Technic;
- Honeywell for auxiliary power units, among other service providers (For more information, please refer to Section 13.4.6(e) "**Maintenance Agreement with Service Provider (2)**" of this Prospectus);
- Rockwell Collins for line replacement units;
- Takhzeen (Michelin) for aircraft tires; and
- Safran Landing Systems for brakes.

The Company proactively plans all of its engineering and maintenance tasks and generally books slots for C-checks in advance through EASA, GACA and CAACI approved maintenance, repair and overhaul facilities. The Company aims to achieve lower costs without compromising on quality by awarding maintenance contracts to third parties through a competitive bidding process. The Company believes that outsourcing its maintenance check requirements enables it to maintain higher levels of economies of scale, providing further operational and cost efficiencies.

In addition, the Company is a CAACI approved Aircraft Maintenance Organization, and has the required certification and employees with the appropriate training to conduct in-house maintenance up to 7,500 flight hours. Although the Company seeks to maintain its fleet in a cost-effective manner, it does not compromise on compliance with regulatory requirements in the areas of maintenance, training or quality control, and maintains its aircraft in accordance with manufacturer recommendations.

The Company has established an engineering and quality assurance department which deals with oversight of all maintenance activities in accordance with GACA regulations. The Company's engineering and quality assurance staff are trained and qualified in technical and airworthiness management with relevant aircraft-type training and certification in relation to the maintenance of aircraft as well as in relation to the maintenance standards set by the Company's third-party lessors.

As of 30 September 2024G, the maintenance and engineering department of the Company had 384 employees, which translates to approximately 6 employees per aircraft.

The Company uses Aviatar, a software designed to monitor the airworthiness and efficiency of aircraft, which optimizes the maintenance and troubleshooting of Airbus aircraft and helps the Company to improve its flight dispatch reliability, reduce its maintenance and operational costs and maintain its fuel-efficiency.

The Company schedules most of its routine maintenance at its four bases in Riyadh, Jeddah, Dammam and Madinah, thereby avoiding additional costs from equipment or personnel duplication. The Company operates a bonded and environmentally controlled warehouse at the KKIA in Riyadh and at KAIA in Jeddah for storing spare parts and inventory.

4.7.6 Fuel Costs

Jet fuel is a major cost components for airlines. The Company's fuel costs have fluctuated over the last few years, and accounted for 18.9%, 30.9%, 27.0%, 25.9% and 25.1% of the Company's total costs in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively.

The Company sources approximately 60% of its fuel from domestic suppliers and the balance from international suppliers. The Saudi Arabian Oil Company (hereinafter referred to as "**Saudi Aramco**") supplies jet fuel to domestic suppliers, and the Company buys its domestic fuel from those suppliers based on tenders and price agreements. As for its international destinations, the Company being a member of the Arab Air Carrier Organization (AACO) buys its fuel at competitive prices through the organization's "Jet Fuel Purchasing Program" through which a large number of airlines collectively negotiate better pricing through one common tender process.

Since the start of its operations, at several intervals the Company has evaluated potential hedging strategies with respect to its fuel purchases. However, the Company has not implemented any hedging policies as of the date of this Prospectus. However, the Company regularly updates its potential hedging strategy for fuel purchases and has also established relationships with a number of potential counterparties for the purpose of entering into a hedging arrangement to ensure the quick implementation of any future arrangement in the event that any strategies are adopted.

The Company has also adopted the following measures for the purpose of managing its fuel costs:

- **Fuel Tanking Policy**: The Company has adopted a policy whereby the monthly actual fuel prices for each location is recorded within its flight planning software, from which the final flight plan will show the optimal fuel uplift from each location and the potential fuel savings.
- **Updated Engine**: The Company is expanding its fleet with a new A320neo aircraft equipped with modern LEAP-1A26 engines (53 aircrafts have been delivered as of 30 September 2024G). These new engines have demonstrated to be remarkably efficient, reducing fuel consumption by up to about 15% less fuel than the CFM-56-5B type engines which were previously used on the Company's previous fleet of A320ceo aircrafts that were being updated. In addition, all newly delivered aircrafts are fitted with large wing-tip devices known as "Sharklets", which also reduced fuel consumption by 4% compared to counterparts.
- **Single Engine Taxi**: In select airports, the Company reduces the fuel burn during taxi time through a single engine taxi-in policy, which helps in saving 6 kilograms of fuel per trip.
- **Additional Measures**: The Company continuously evaluates opportunities available to minimize the overall weight of its aircraft through various means, e.g., including the "variable dry operating weight" and the "electronic flight bag" polices, which offers the Company an opportunity to remove most of the heavy operational manuals previously stored in the cockpit cabin.
- Minimizing ground time, taking advantage of shortened airways where they exist, and reducing engine rpm from full power to appropriate power during scheduled takeoffs and ascents.

The Company has not hedged against fuel price trends and increases. However, the Company plans to implement a "rolling hedge" plan that involves exploiting attractive returns and premiums to hedge 50% of its spot exposure for 6 months and 25% of the remaining exposure for 6 months at budgeted oil prices. The plan also includes adding positions on a rolling basis to maintain the aforementioned hedge ratios. In addition, the Company plans to use simple call options as a tool for this plan, which offers limited risks and several advantages in return, including limited risk with respect to the premiums paid, protection from the upside of hedging volumes at the budgeted oil price, and full participation in the downside if oil prices continue to decline (for further information, please refer to Section 2.1.8 "**Risks Related to Trends and Increases in Fuel Prices**" of this Prospectus).

4.7.7 Shared Services

The Company's shared services operations combine a number of back-office functions, which have been decentralized since January 2018G, and are operated by the Company's employees. The shared services departments are responsible for planning and developing the overall strategy and objectives of the Company, as part of the executive management services, and executing those strategies via the various departments, including finance, human resources, procurement and financing, strategy and planning departments.

4.7.8 Information Technology (IT) Systems

IT is an essential element of the Company's business infrastructure, and a critical factor in extending its international operations and achieving its business plans. The Company periodically invests in its IT system, which directly improves its operational margins, allows its operations to be scaled, improves efficiency and supports security.

The Company's key operating systems include the following third-party systems: (i) Navitaire, which provides a real time reservation and inventory management, online booking system, departure control and website hosting service; (ii) Aviator (Aventure), which provides revenue management software; (iii) Oracle ERP, which provides financial, procurement and human resources management software; (iv) AIMS, which provides flight scheduling and crew rostering software; and (v) AMOS, which provides engineering software solutions for the management of aircraft maintenance engineering and logistics.

The Company has developed analytics solutions to integrate data across its systems in order to streamline decision making across flight management, revenue management, operations network planning, financial management, human resources and operations management. In addition, the Company uses analytics to analyze client data obtained through the Company's website, smartphone applications and call center, with the goal of improving customer service.

The Company has designed its own data storage and data analytics platform as part of its strategy and roadmap to utilize modern technologies which enable the Company to analyze data, identify patterns and generate actionable intelligence. This provides decision makers with timely information on business drivers and trends to ensure strategic decisions are swiftly implemented, improves operational efficiencies and enhances customer experiences through data driven customer-oriented product and services.

The Company has been able to design disaster recovery procedures through a backup data center to provide integrated operation across all key technology services and mitigate against loss of any technical functionality or stored data.

4.7.9 Insurance

The Company's insurance coverage is in line with industry practice and relevant business and regulatory requirements. The Company has aviation insurance that covers hull, engines, spares and all risks including war risks, along with comprehensive liability insurance to third parties (including passengers, baggage and cargo). The aviation insurance is provided by Tawuniya and fully underwritten by a group of top-rated reinsurers from Lloyd's insurance market. In addition, the Company was keen to provide comprehensive insurance for non-aviation matters, including life insurance for employees and personal accident insurance, in addition to medical insurance and other types of business insurance, in order to ensure a high level of protection and safety for all employees and assets.

The Company leaves some business risks uninsured, including business interruptions, loss of profit or revenue and consequential business losses arising from mechanical breakdown (for further details, please refer to Section 2.1.54 "**Risks Related to Inadequacy of Insurance Coverage and Increased Insurance Costs**" of this Prospectus).

4.8 Customers, Marketing and Promotion

The Company's marketing and promotion efforts include undertaking pricing and sales analysis, brand management and management of external communications such as press releases and product management, in addition to participating in various global seminars, conferences and industry related events. The Company's efforts also include business development, procuring new customers and managing existing customer relationships.

4.8.1 Sales and Distribution

The Company emphasizes the significance of its direct on-line and smartphone sales channels while also maintaining relationships with the traditional travel agent network, which continues to be a critical point of sales in the MENA and the region in general. The Company uses electronic tickets for all travel, thereby eliminating costs associated with printing, mailing and modifying tickets as well as re-issuing lost or stolen tickets. The Company's customers can purchase tickets for its flights through its website and mobile application, travel agents, its call center and airport sales offices. The Company has also actively developed its international distribution through global distribution systems ("**GDS**") (such as Sabre, Galileo and Amadeus).

The Company's reservation and distribution system is hosted on Navitaire LLC's (hereinafter referred to as "**Navitaire**") system, which is a real-time hosting solution designed for LCCs to minimize their distribution costs.

The Navitaire hosting system allows the Company to distribute available seat inventory directly to customers through the internet booking engine on its website and through the smartphone application. These are the Company's primary sales channels, representing 57% and 54% of ticket sales for the year ended 31 December 2023G and the nine-month period ended 30 September 2024G. In addition, Navitaire also provides a link for ticket sales through traditional GDS, as well as through direct access portals that allow a growing number of online travel agents to directly access the Company's available seat inventory.

The below tables set out the percentages and ticket revenues for the flynas LCC business segment through various channels for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 4.36: Percentages and Company Ticket Revenue Through Various Channels for the Financial Years Ended 31 December 2021G and 2022G, and the Nine-Month Periods Ended 30 September 2023G and 2024G

Website, Mobile Application, Call Center and Airport Sales	Financial Year Ended 31 December						Nine-Month Period Ended 30 September			
	2021G		2022G		2023G		2023G		2024G	
	Direct Agents	Indirect Agents	Direct Agents	Indirect Agents	Direct Agents	Indirect Agents	Direct Agents	Indirect Agents	Direct Agents	Indirect Agents
%	66.0%	34%	62.8%	37.2%	56.7%	43.3%	57.6%	42.4%	53.6%	46.4%
Million Saudi Riyals	1,653.4	851.7	2,718.6	1,603.5	3,076.3	2,349.3	2,811.0	2,073.3	3,369.2	2,915.6

Source: Company's information

A. Internet Booking Engine and Website

The Company's website is the primary channel for customers to: (i) search for and book flights; (ii) manage ancillary services; and (iii) check-in to flights, and accounted for more than 51.3% of overall sales in the nine-month period ended 30 September 2024G.

The Company's website is designed to be user friendly and is regularly upgraded in the aim of simplifying the booking process and enhancing the customer experience. The Company's website enables it to limit its distribution costs as compared to traditional offline distribution channels and, as part of the Company's long-term strategy, the Company aims to increase online sales through special offers available only on its website and mobile applications and by directing customers to either go to the Company's website or download the Company's mobile phone application.

The Company's website supports multiple languages (English and Arabic) to reflect the linguistic profile of the Company's customer base and destinations. The website provides payment options to customers in five main currencies, namely Saudi Riyals, UAE Dirhams, Kuwaiti Dinar, US Dollars and Euros, in addition to offering new additional currencies based on the market requirements.

The Company's customers can pay on the website and mobile application using credit cards (including Visa, MasterCard and American Express), payment providers (including Sadad, Apple Pay, STC Pay and PayPal), deferred payment platforms (including Tabby and Tamara), promotional vouchers and naSmiles. All of these payment channels are fully linked to Navitaire's payment gateway to allow for swift payment processes and booking confirmations. The Company has also contracted with Amazon Payment Services for alternate payment methods in the region, which the Company intends to introduce on its website and other selling platforms, such as mobile applications and the call center. This will enable the Company to offer multiple local payment options to its customers specific to destinations served, such as Fawry in Egypt, Knet in Kuwait and eDirhams in the UAE.

B. Application and Mobile Website

The Company has developed an independent mobile website and free smartphone applications (intended to replicate the website experience as much as possible) on the Apple iOS and Android platforms. These smartphone applications and the mobile website allow customers to: (i) book flights; (ii) check flight status; (iii) check-in online; (iv) download boarding passes; and (v) select ancillary services and seats. These services are intended to enhance the overall customer experience by reducing the time spent at an airport prior to a flight. For ease and flexibility, the Company offers all major payment channels on these platforms.

As of 30 September 2024G, the Company reached approximately 9.5 million downloads of its smartphone application since its launch in 2017G.

C. Call Center Service

The Company's call center operations are outsourced to Smart Link, one of the region's leading call center operators. Through the call center, the Company provides services to deal with any difficulties faced by any of its customers twenty-four (24) hours a day, three hundred and sixty-five (365) days a year, as well as 14 hours a day customer service for other services, including inquiries regarding flight status and availability, bookings, seat selection, ancillary sales and post-booking services such as booking modifications and cancellations.

Call center staff are multilingual (English and Arabic) and fully trained on Navitaire's SkySpeed System, which is specifically designed for call center operations. The call center not only serves as a platform for customers to book their flights but also assists marketing efforts by sharing new promotions and marketing directly to customers.

As with the Company's website and smartphone application, the call center allows customers to make payments using all major payment channels.

D. General and Preferred Sales Agencies

Internationally, the Company maintains a physical presence through preferred sale agencies that act as local sales offices. These offices are required to be branded as a "flynas" office and the agencies provide a full range of services to customers, including flight bookings, ancillary sales and post-booking sale services.

E. B2B Travel Agents (Sky Sales Agents)

The Company's website includes a dedicated link that allows travel agencies to directly access the Company's internet booking engine, which avoids fees charged by traditional agents using GDS. This direct access to the Company's internet booking engine also allows travel agents to sell a full range of products including ancillaries, which is not possible for GDS-based bookings.

F. GDS-based Travel Agents

In all of the Company's regions of operation, GDS remains an important source of ticket sales, representing 7.1% of the Company's ticket sales by revenue for the financial year ended 31 December 2023G and 7.7% of the Company's ticket sales by revenue for the nine-month period ended 30 September 2024G. For offline markets, the Company allows GDS agents to book flynas tickets through Hahn Air and World Ticket, which are virtual airlines that issue tickets based on their ticketing stock for customer airlines in exchange for a commission and have a network of more than 100 thousand agencies in 197 markets.

G. Corporate Sales

Corporate ticket sales generally include ticket flexibility to accommodate the changing schedules of business travelers, and to facilitate these frequent modifications large companies usually book their employees' travel through dedicated travel agencies. The Company has contracted with several companies in the Kingdom to facilitate their travel needs and enhance flight sales through special corporate discounts based on expected revenue from the corporate client.

The Company has a dedicated team seeking new corporate clients and opportunities in this niche segment. Ticket sales to corporate clients have grown by 166.4% and 15.2% in the financial years ended 31 December 2022G and 2023G, respectively, compared to previous periods. Ticket sales to corporate clients grew by 32.3% in the nine-month period ended 30 September 2024G compared to the nine-month period ended 30 September 2023G. These sales accounted for approximately 0.6% of the Company's revenue in the nine-month period ended 30 September 2024G, compared to 0.6%, 0.4% and 0.6% for the financial years ended 31 December 2023G, 2022G and 2021G, respectively. The Company also has special corporate rates for both tourism and business travel, for example with Saudi Aramco, the sole oil and gas producer in the Kingdom, whereby their staff can login directly on the Company's network to book their discounted tickets. Moreover, the Company has also entered into agreements with various corporates from different sectors, including companies such as Saudi Basic Industries Corporation (hereinafter referred to as "**SABIC**"), Saudi Telecom Company ("**STC**"), Saudi National Bank ("**SNB**"), Saudi Arabian Construction Company ("**SACC**"), Abdul Lateef Jameel Company and Faisaliah Group, in order to facilitate their business travel needs and gain market share from the corporate travel segment.

In terms of foreign currency sales, the Company manages its foreign currency exposure by conducting approximately 85% of sales in Saudi Riyals, followed by 2% in US Dollars and 1% in UAE Dirhams, collectively covering approximately 88% of ticket sales.

H. Airport Ticket Sales

Airport ticket sales provide an opportunity for revenue maximization, as bookings made on the same day as travel are the highest yielding as a result of the Company's policy to have the highest fare in its fare cycle available immediately prior to departure.

The Company sells tickets in KKIA in Riyadh and KAIA in Jeddah airports through outsourced staff through agreement with Smartlink BPO Solutions. The Company also provides ticket sales offices in other airports in the Kingdom, through its ground handling agent, Saudi Ground Services. Furthermore, the Company outsources ticket sales in international airports in which it operates, to its ground handling agents.

I. Travel Agent Networks

The Company has strong relationships with key travel agents that, through the use of incentives and discounts relative to sales value and growth, help to generate significant volumes of tickets sales for the Company.

4.8.2 Marketing Strategy

The Company has embraced technology and data analytics to enhance its revenue per available seat kilometer, a critical metric in the airline industry. At the heart of this strategy is an AI-driven solution designed to optimize pricing and inventory management in real-time, ensuring maximum profitability. The Company also aims to shift its focus towards increasing direct sales, which not only reduces reliance on third-party platforms but also provides a significant opportunity to boost ancillary revenues. By offering a more robust portfolio of ancillary services, the Company is able to cater to the diverse needs of its passengers, enhancing their travel experience and fostering greater customer loyalty.

In line with the Company's commitment to personalization, it has revamped its "naSmiles" loyalty program, which delivers a more tailored experience to its members. The program rewards frequent flyers with benefits that are relevant to their travel patterns and preferences. This personalized approach extends across all customer touchpoints, enabling the Company to engage with passengers closely, thereby increasing customer satisfaction and loyalty. These strategic initiatives can be aligned to meet and exceed the evolving expectations of the modern traveler, driving sustainable growth and market differentiation in the competitive airline industry.

The Company believes that its brand is associated with quality service, efficiency and value in the Kingdom's airline industry. To protect its brand, the Company has registered 15 of its main trademarks, including the flynas Company logo, in January 2014G in over 12 countries (for further information, please refer to Section 13 "**Legal Information**" of this Prospectus).

4.8.3 Customer Loyalty Programs

The Company launched its loyalty program, naSmiles, in 2015G. The Company believes that naSmiles is an important tool in creating customer loyalty and driving repeat purchases. In line with the Company's low-cost model, customers can apply for naSmiles membership online, and with their smartphones and can manage their accounts online.

The Company offers naSmiles to passengers who join the program. Customers collect miles by purchasing tickets and traveling through flynas, with the number of miles granted determined by the destination and the customer's booking class. The Company also allows naSmiles customers to collect miles through partners, which contributes to granting customers a greater opportunity to obtain travel tickets through the program. Customers can redeem naSmiles for seats on flynas flights and destinations, with customers only paying fees and taxes. The miles are valid for one (1) year from the date of issuance. As of 30 September 2024G, the naSmiles loyalty program had approximately 1.6 million members and had issued 218 million miles during the nine-month period ended 30 September 2024G, compared to approximately 1.4 million members and 317 million miles issued as of 31 December 2023G, an increase from approximately 260 million and 136 million miles issued as of 31 December 2022G and 2021G, respectively.

4.9 Suppliers, Partners and Service Providers

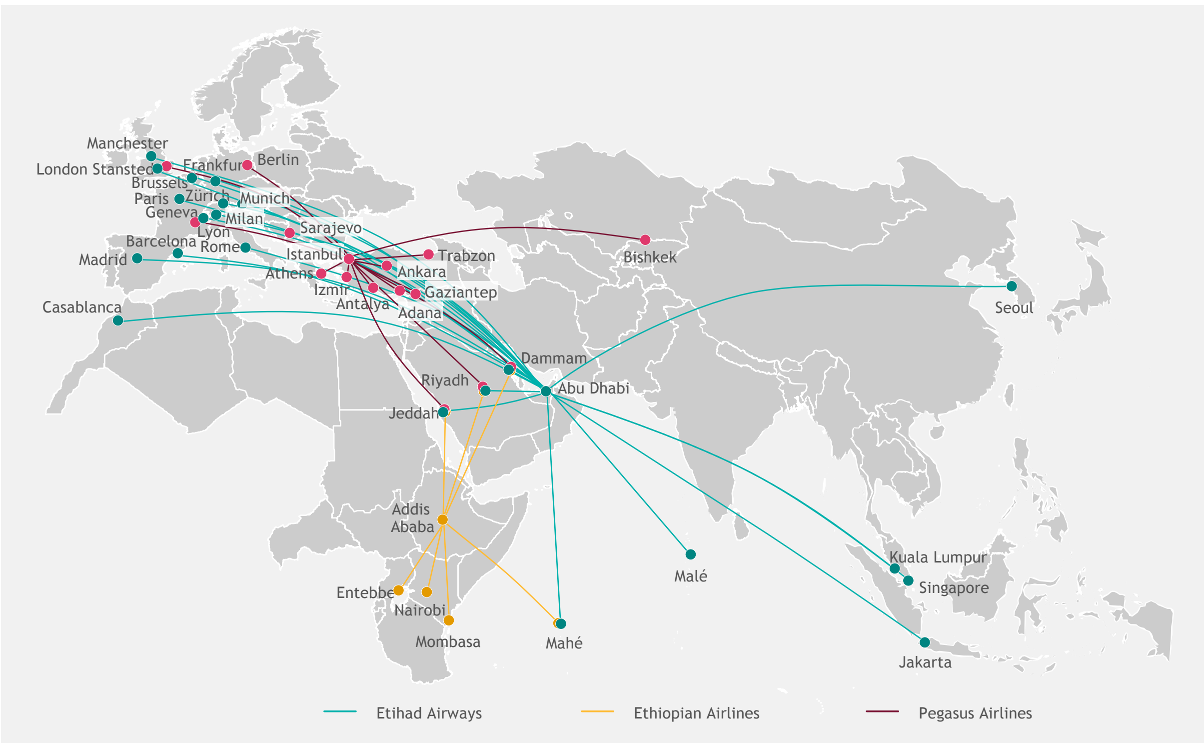
4.9.1 Partnering Airlines

The Company strategically enhances its network through codeshare and interline arrangements with partner airlines, aiming to expand its reach and offer more options to travelers. By leveraging interline and codeshare agreements with feasible partners, the Company aims to strengthen its existing network and provide comprehensive travel solutions to its passengers. In addition, the Company is embracing the rapidly evolving virtual interline concept to broaden its sales outreach globally. The approach focuses on alignment with partner airlines, allowing them to benefit from different revenue sources, thus increasing potential revenue through sales on the Company's platform. Furthermore, the Company is evaluating opportunities through virtual interlining and is currently in discussions with a leading service provider as an intermediary to implement this innovative approach, which is expected to launch in 2024G. Virtual interlining involves combining flights between airlines that do not have interline agreements to give passengers more connecting options, and enables airlines to reach new customers and broaden their route network by connecting them with other airlines without having traditional interline or codeshare agreements in place.

The Company provides customers access to a larger network via codeshare and/or interline arrangements with Etihad Airways (via Abu Dhabi) since 2012G, Pegasus Airlines (via Istanbul) since 2015G, Ethiopian Airlines (via Addis Ababa) since 2020G, Turkish Airlines (via Istanbul) since 2018G, EgyptAir (via Cairo) since 2018G, Uzbekistan Airways (via Tashkent) since 2020G, Philippine Airlines (via Manila) since 2016G, Pakistan International Airlines (via Karachi, Lahore and Islamabad) since 2023G, Saudia Airlines (via Riyadh and Jeddah) since 2023G, and Emirates Airlines (via Dubai) since 2023G. As of 30 September 2024G, the Company offers its services in 128 destinations through codeshare and interline agreements covering certain destinations in its partner networks, which its customers can take advantage of after notifying them regarding the aircraft used and the routes operated.

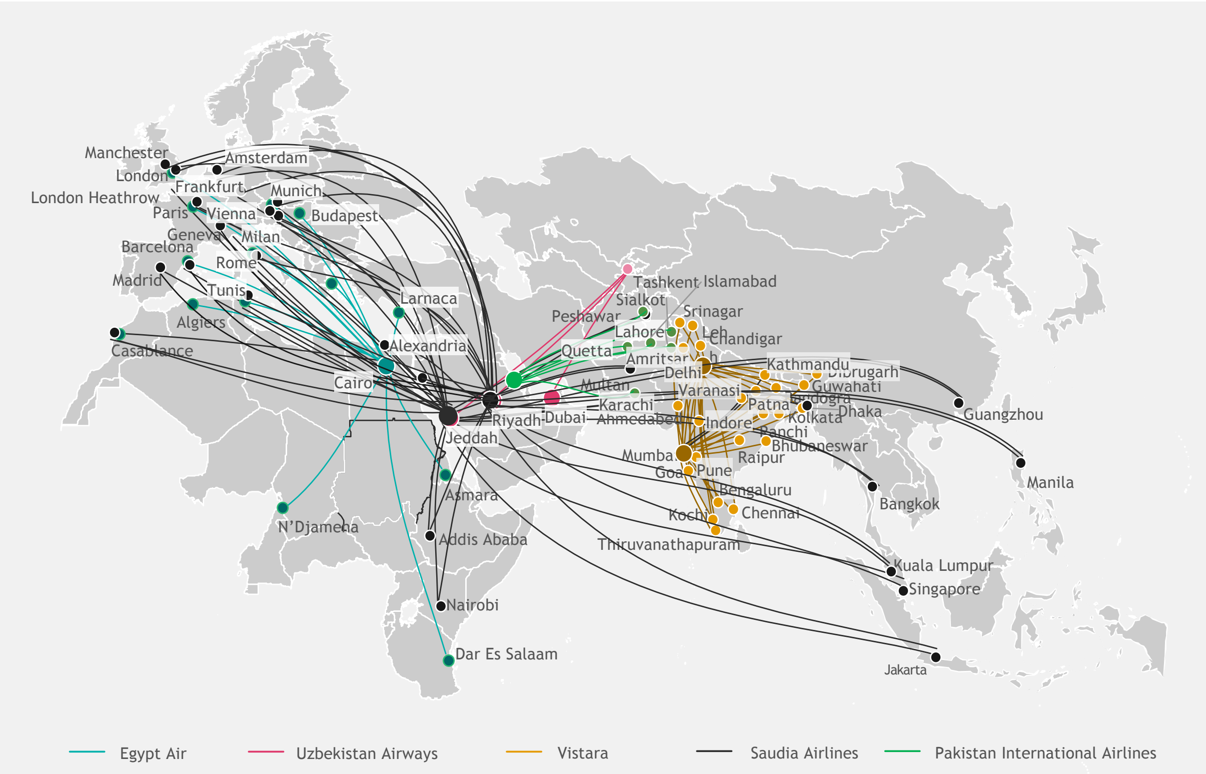
The below figures represent the destinations enabled through codeshare and interline partnerships, as of 30 September 2024G:

Figure 38: Network for Codeshare Partnerships as of 30 September 2024G



Source: Company's information

Figure 39: Network for Interline Partnerships as of 30 September 2024G



Note: flynas Company has unilateral Interline partnership with Emirates, Turkish Airlines and Philippine Airlines.

Source: Company's information

4.9.2 Major Suppliers

The below tables set out the top suppliers of the Company in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 4.37: The Top Suppliers of the Company in the Financial Year Ended 31 December 2021G

Supplier[(1)]	Description of Supplied Goods / Services	Independence Status	Type of Relationship	Value of Purchases (in million SAR)	Percentage of Total Expenditure (%)
Supplier 1	Aircraft lessor	Independent	Contractual	258.0	9.7
Supplier 2	Aviation fuel	Independent	Contractual	235.6	8.9
Supplier 3	Airport and passenger services	Independent	Regulator/ Airport	148.7	5.6
Supplier 4	Aviation fuel	Independent	Contractual	146.3	5.5
Supplier 5	Airport and passenger services	Independent	Regulator/ Airport	120.0	4.5
Total				**908.6**	**34.2**

(1) The Company's top suppliers have been identified for each financial year separately.

Source: Company's information

Table 4.38: The Top Suppliers of the Company in the Financial Year Ended 31 December 2022G

Supplier[1]	Description of Supplied Goods / Services	Independence Status	Type of Relationship	Value of Purchases (in million SAR)	Percentage of Total Expenditure (%)
Supplier 1	Aviation fuel	Independent	Contractual	487.3	10.5
Supplier 2	Airport and passenger services	Independent	Regulator/ Airport	278.5	6.0
Supplier 3	Aviation fuel	Independent	Contractual	256.6	5.5
Supplier 4	Aircraft lessor	Independent	Contractual	205.3	4.4
Supplier 5	Ground handling services	Independent	Contractual	175.9	3.8
Total				**1,403.6**	**30.3**

(1) The Company's top suppliers have been identified for each financial year separately.

Source: Company's information

Table 4.39: The Top Suppliers of the Company in the Financial Year Ended 31 December 2023G

Supplier[1]	Description of Supplied Goods / Services	Independence Status	Type of Relationship	Value of Purchases (in million SAR)	Percentage of Total Expenditure (%)
Supplier 1	Aviation fuel	Independent	Contractual	569.0	9.6
Supplier 2	Airport and passenger services	Independent	Regulator/ Airport	345.1	5.8
Supplier 3	Aircraft lessor	Independent	Contractual	305.8	5.1
Supplier 4	Airport and passenger services	Independent	Regulator/ Airport	273.7	4.6
Supplier 5	Aviation fuel	Independent	Contractual	215.6	3.6
Total				**1,709.2**	**28.8**

(1) The Company's top suppliers have been identified for each financial year separately.

Source: Company's information

Table 4.40: The Company's Top Suppliers in the Nine-Month Period Ended 30 September 2024G

Supplier[1]	Description of Supplied Goods / Services	Independence Status	Type of Relationship	Value of Purchases (in million SAR)	Percentage of Total Expenditure (%)
Supplier 1	Aviation fuel	Independent	Contractual	561.2	10.8
Supplier 2	Airport and passenger services	Independent	Regulator/ Airport	257.8	5.0
Supplier 3	Airport and passenger services	Independent	Regulator/ Airport	237.5	4.6
Supplier 4	Ground handling services	Independent	Contractual	230.2	4.4
Supplier 5	Aircraft lessor	Independent	Contractual	178.7	3.4
Total				**1,465.5**	**28.3**

(1) The Company's top suppliers have been identified for each financial period separately.

Source: Company's information

4.10 Health, Safety and Security

The Company strives to follow best safety practices on an ongoing basis and its commitment to safety and security is reflected in the maintenance of its aircraft and engines, the extensive training given to its pilots, cabin crews and employees and the strict policies and procedures in compliance with the local regulations, international standards and best practices in all areas of its business that are involved with the operation of its aircraft.

A. Health

The Company is committed to implementing health policies that align with international standards, ensuring the highest safety levels for its crew members. The Company introduced a fatigue risk management program (FRMP) to effectively monitor fatigue levels for all its crew members to ensure that crew members work within the prescribed working hours, and to emphasize safety as a priority.

In addition, the Company offers advanced fatigue risk management training to all flight and cabin crew members, dispatchers and engineers. To complement this training, the Company has deployed a modern fatigue risk management software called "safe and care", to assist in the management of fatigue during both the planning stages and daily updates of crew rosters.

In its dedication to safety and quality, the Company has achieved International Standard for Business Aircraft Operations (IS-BAO) Level III certification for flynas General Aviation which includes advanced requirements from the Occupational Safety and Health Administration (OSHA)). This certification is a testament to the Company's adherence to stringent health and safety standards.

The Company employs its own aeromedical officers for assessment and inspection operations, who are approved by GACA. Furthermore, the Company has also implemented an advance drug and alcohol testing program for all employees, reinforcing its commitment to maintaining a safe and healthy work environment. Currently, the Company is keen on introducing advanced supporting programs for its flight and cabin crew that comply with the latest European Union Aviation Safety Agency (EASA) requirements.

The Company tracks cosmic radiation exposure for its flight crews using its current rostering system and is working to upgrade to a more advanced software solution for enhanced cosmic radiation monitoring. Additionally, the Company is developing plans to extend cosmic radiation monitoring to all crews members, ensuring health and safety oversight and follow up.

B. Safety and Security

The Company has established an effective Safety and Security Management System ("**SMS**"), which is regularly audited by regulatory authorities such as GACA and its counterparts abroad as well as by IATA (under the IATA Operational Safety Audit (IOSA) program) for flynas LCC carriers and by International Business Aviation Council (IBAC) (under its International Standard for Business Aircraft Operations (ISBAO) program) for flynas General Aviation. Through its mature SMS, the Company has taken the lead in several research projects with Original Equipment Manufacturers like CFM International and Airbus, addressing a number of safety concerns, including the impact of sand and dust conditions on aircraft systems and engines.

The Company's SMS is underpinned by a robust safety policy and comprehensive risk identification and assessment. This safety policy is fully endorsed by all Senior Executives and has been pivotal in reshaping the operational processes within the Company, underscoring safety as a core value of its operation. Safety promotion activities are well established and foster a collaborative approach among all departments and employees, with the shared objective of elevating safety to the highest standards. The Company's safety and quality department implemented risk identification-based methodologies in all its auditing processes and is currently preparing for its next IOSA which will be conducted under IATA's new risk readiness assessment methodology.

The Company has continuously refined its internal management of change safety risk assessment (MOCSRA) process and actively promotes a culture of periodic review and issuance of safety and security reports to positively monitor its performance, thus forming the cornerstone of its safety and security management system. The Company's safety risk management process enables successful operations in areas with identifiable risks, which are mitigated to as low as reasonably practicable, thus supporting the continuous expansion of the Company's network.

Additionally, the Company utilizes an advanced safety and quality reporting and auditing software (IQSMS) that facilitates robust safety data analysis and safety performance monitoring. The Company has set high-level safety objectives, performance indicators, and targets, and actively monitors its safety performance.

This year, the Company has developed advanced action plans related to procedures and measures for runway and taxiway incursions/excursions to mitigate associated risks. The Company boasts an advanced flight data monitoring ("**FDM**") program, safety data analysis process, and an emergency response plan ("**ERP**") that is regularly tested and supported by its business continuity plan. Additionally, all of the Company's A320neo aircrafts are equipped with advanced wireless extension for ACMS (Aircraft Condition Monitoring Systems) flight data monitoring and capturing software. Aircraft parameters are captured and analyzed immediately through the advanced flight data monitoring AeroBytes software.

The Company's advanced ERP is regularly tested and is supported by its business continuity plan. The Company has been consistently testing its ERP annually since 2021G and in 2023G, participated in an integrated ERP exercise, organized by Riyadh Municipality and the Ministry of Interior of the Kingdom. The Company also completed another ERP exercise in February 2024G.

The Company has partnered with Kenyon as its external ERP services provider and with MedAire to provide advanced security assessments, as well as ground and in-flight medical fitness-to-fly assessment services for its passengers and crew members. This coverage extends from the Company's airport counters to the point of passenger deplanement.

4.11 Corporate Social Responsibility and Environmental Initiatives

The Company has made significant strides in corporate social responsibility and sustainability by adopting a three-pronged approach. This strategy focuses on maximizing fuel efficiency, embracing digital transformation, and implementing initiatives that yield sustainable benefits for the environment, society, and economy.

A. Maximizing Fuel Efficiency

The Company has successfully achieved its fuel efficiency goals, primarily through the modernization of its fleet with the new-generation A320neo aircraft. As the most advanced single-aisle aircraft and the world leader in engine efficiency and fuel consumption, the A320neo comprised 86.9% of the Company's narrow-body fleet as of 30 September 2024G. The Company's sustainability reports for 2021G and 2022G have recorded that over a period of 18 months, the Company was able to cut emissions of 161 thousand tons of carbon dioxide ("**CO2**").

The new aircrafts are distinguished by their 15-20% improvement in fuel consumption and an 8% reduction in CO2 emissions per 100 flight cycles per minute, compared to previous generation aircraft.

Furthermore, the Company has adopted technical solutions through partnerships with leading international technology providers to monitor, analyze, and minimize fuel consumption and carbon emissions, thereby enhancing the efficiency of flight operations and measuring the impact on environment.

By retiring the old generation of classic-engine A320ceo aircraft in the next two (2) to three (3) years, the Company aims to increase its contributions to sustainability and environmental protection performance, while significantly reducing additional amount of CO2 emissions.

B. Digital Transformation

The Company has prioritized digital transformation as a strategic basis in its operational and commercial activities since its inception. As the first airline in the Kingdom to introduce digital tickets and boarding passes in 2007G, the Company led the way as the first in the Kingdom to enable online payments. Additionally, the Company was the first carrier to offer ticket payments in instalments through digital channels.

The Company's digital initiatives extend to customer-facing products and operations and are actively integrated into its operations. The Company was the first to utilize smart devices for procedural manuals inside the cockpit, reducing paper consumption and saving fuel. The Company has also adopted software and technical solutions to enhance maintenance, engineering, and logistics functions in collaboration with leading global aviation technology providers.

The Company has recently embarked on a digital transformation journey, leveraging technological advancement to fundamentally transform the way the Company operates, delivers value to customers, optimizes cost and revenue, and aims to stay ahead of its competition (for further information, please refer to Section 4.6(e) "**Digital Transformation**" of this Prospectus).

C. Initiatives with Sustainable Impact on the Environment, Society, and Economy

The Company is committed to enhancing sustainability by launching initiatives that positively impact the environment, society, and the economy. These initiatives are undertaken in partnership with some of the most prominent institutions in the Kingdom and around the world, focusing on recycling processes and the use of environmentally friendly consumer products.

The Company has pledged its commitment for the United Nations Global Compact. In this voluntary initiative, the Company will integrate the UN Sustainable Development Goals (SDGs) into its strategy, culture, and day-to-day operations, becoming the first LCC in the MENA region to abide by this significant corporate sustainability initiative. Additionally, the Company has become a member of the United Nations World Tourism Organization (UNWTO), enhancing its capabilities to contribute to responsible and sustainable global tourism, in line with both Company's sustainability strategy and the Kingdom's vision for shaping the future of global travel.

In August 2023G, the Company signed a memorandum of understanding (MoU) with the Saudi Investment Recycling Company (SIRC), owned by the Kingdom's Public Investment Fund, to explore partnership opportunities and best technological and recycling solutions for treating the Company's waste such as oils, plastics and batteries. This collaboration aims to achieve exemplary recycling practices in accordance with the Saudi Green Initiative.

In a related effort, the Company has entered into a partnership agreement with King Saud University to sponsor the university's distinguished and talented students' program. This initiative contributes to enhancing the capabilities of students and faculty members, enabling their participation in international scientific conferences, competitions, and specialized workshops by traveling on the Company's flights. The agreement also includes practical training for engineering and information technology students within the Company's various departments and units.

Furthermore, the Company enables passengers to make digital donations to charities, such as the Association for Children with Disabilities, during the booking process on the website and through the mobile application. The donations have amounted to approximately two million Saudi Riyals, providing comprehensive medical and educational services, benefiting 1,140 children with disabilities.

The Company is proactive in creating job opportunities for various societal groups and was the first Saudi air carrier to empower Saudi women to join the air hospitality program. This initiative has contributed to increasing the localization rate in air hospitality to 51% and has raised the overall proportion of women in the Company's workforce to about 30%.

The Company also launched the future pilots program, the first of its kind in the MENA region, which helped achieve a 100% localization rate for the co-pilot position. The flight dispatchers program has been one of the key localization initiatives at the Company, helping to increase the localization rate for this critical role in aviation operations to 95%.

In celebration of an initiative launched by the Ministry of Culture, the Company decorated one of its aircraft with the identity of the "Year of Saudi Coffee 2022G" and the colors of the Saudi coffee tree. The Company has also sponsored flights to coffee-growing areas in Jazan and Al-Baha to raise awareness of the Kingdom's tourist and cultural attractions, with support from the regulatory authorities. Previously, the Company collaborated with the Ministry of Culture in the "Year of Arabic Calligraphy 2021G" initiative by decorating one of its aircraft with Arabic calligraphy, which aimed to showcase Arabic calligraphy as a unique art form that embodies the richness of the Arabic language and its aesthetics, educate travelers with information about its beauty and significance, and foster pride in Arab identity.

In addition, the Company launched a training program for the crew and ground service staff on the best practices for assisting passengers with autism spectrum disorder, as part of its social responsibility programs.

In 2018G, the Company organized a social initiative for the elderly at the Social Welfare Center for Men in Riyadh, as part of its service and social responsibility initiatives. This event, attended by the Company's employees, aimed to spread optimism among the elderly, including offering them free tickets for their journey to Makkah for Umrah. This initiative reflects the Company's commitment to family principles and preservation of the Saudi heritage, contributing to the promotion of social responsibility, community development, and the realization of the Kingdom's Vision 2030.

To enrich knowledge in the aviation sector and keep pace with the industry's growth in the Kingdom, the Company has organized the "Let's Talk Aviation" forum over the past 4 years. The forum has featured a distinguished group of decision-makers, industry professionals, and representatives from domestic and international airlines.

4.12 Awards and Achievements

The Company has distinguished itself as one of the most awarded airlines in the region over the past decade. SkyTrax, which is a highly recognized global forum for the aviation industry, ranked the Company as the world's fourth best low-cost carrier airline for 2023G and the best low-cost airline in the Middle East for the sixth consecutive year (2017G, 2018G, 2019G, 2021G, 2022G, and 2023G), with no awards recognized in the year 2020G due to the COVID-19 pandemic.

In 2023G, the Company also received the Middle East's Leading Low-Cost Airline award from the World Travel Awards for the ninth consecutive year (2015G – 2023G). Furthermore, the Company was awarded a 4-Star Rating by APEX, which represents the highest category of rating for low-cost airlines globally.

Table 4.41: The Company's Awards and Achievements

#	Awarding Entity	Description of Award	Award Year
1.	Best Places to Work Certification Program	Ranked Fourth among the Best Places to Work	2022G
2.	APEX	Four Star Rating as the Highest Possible Rating for a Low-Cost Airline Among 600 Global Airlines	2022G
3.	SkyTrax	Middle East's Most Improved Airline Award	2021G
4.	SkyTrax	Middle East's Leading Airline Staff	2019G
5.	SkyTrax	World's Nineth Best Low-Cost Airline	2022G
6.	SkyTrax	World's Fourth Best Low-Cost Airline	2023G
7.	SkyTrax	World's Fourth Best Low-Cost Airline	2024G
8.	SkyTrax	Middle East's Leading Low-Cost Airline	2017G
9.			2018G
10.			2019G
12.			2021G
12.			2022G
13.			2023G
14.	World Travel Awards	Middle East's Leading Low-Cost Airline	2015G
15.			2016G
16.			2017G
17.			2018G
18.			2019G
19.			2020G
20.			2021G
21.			2022G
22.			2023G
23.	World Travel Awards		2024G

Source: Company's information

4.13 The Company's Business and Assets Outside the Kingdom

The Directors of the Company declare that the Company does not own any business or any assets outside the Kingdom, except for its branches located outside the Kingdom.

4.14 Business Continuity and the Company's Business

The Directors of the Company declare that there has been no material interruption in the Company's business that may have or has had a material effect on the Company's financial position in the last twelve months.

The Directors declare that there is no intention to make any material change in the nature of the Company's business as of the date of this Prospectus.

The Company has comprehensive business continuity plans ("**BCP**") in place that enable the Company to be prepared and ready in the event of any unpredictable eventualities. The BCP's are tested and updated as per the Business Continuity Management Policy.

4.15 Employees

4.15.1 The Company

The below table sets out the number of the Company's employees according to its main activity categories and the Saudization rates in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G:

Table 4.42: The Company's Employees in the Financial Years Ended 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G:

#	Division	Financial Year Ended 31 December									Nine-Month Period Ended 30 September		
		2021G			2022G			2023G			2024G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	Crew	506	358	864	655	654	1,309	826	716	1,542	981	775	1,756
2.	Operation and maintenance	294	239	533	357	288	645	347	344	691	388	443	831
3.	Commercial	114	54	168	120	59	179	139	59	198	137	68	205
4.	Administration	114	85	199	103	115	218	127	119	246	123	134	257
Total		**1,028**	**736**	**1,764**	**1,235**	**1,116**	**2,351**	**1,439**	**1,238**	**2,677**	**1,629**	**1,420**	**3,049**

Source: Company's information

4.15.2 Saudization and Nitaqat

The *Saudization* program was adopted by virtue of the Minister of Human Resources and Social Development's resolution number 4040, dated 12/10/1432H (corresponding to 10/09/2011G), as amended pursuant to resolution no. 182495, dated 11/10/1442H (corresponding to 23/05/2021G), pursuant to Council of Ministers' resolution number 50, dated 21/05/1415H (corresponding to 27/10/1994G). The "*Nitaqat*" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the "Nitaqat" program to encourage institutions to employ Saudi citizens. Through the "*Nitaqat*" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum, green (subdivided into low, middle and high) and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as obtaining and renewing work visas or otherwise changing the occupations of its foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements) are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

The Company complies with the Saudization requirements, with a Saudization rate of 55% in accordance with the "*Nitaqat*" program. The Company was classified in the "Medium Green" category of the "*Nitaqat*" program. The Company also obtained *Saudization* certificates from the Ministry of Human Resources and Social Development for its compliance with the Saudization requirements, issued on 05/03/1445H (corresponding to 20/09/2023G).

4.15.3 Recruitment and Training

A. Cockpit Crews

The Company recruits experienced pilots qualified to fly the A320 aircraft to be enrolled into a GACA-certified training program to be part of the cockpit crews.

- **Experienced Pilots**

Required to have a minimum of 5,000 hours of total flying experience, of which 2,000 hours should be experience as a pilot for aircraft weighing more than 27,000 kilograms and 500 hours as pilot-in-command for the relevant aircraft type.

- **Inexperienced Pilots**

Required to have at least 5,000 hours of total flying experience, of which 2,000 hours should be in aircraft weighing more than 27,000 kilograms.

- **Experienced First Officers**

First officers are required to have a minimum of 1,200 hours of total flying, including 500 hours of total flying on A320 aircraft.

- **Inexperienced First Officers**

Inexperienced first officers are required to have at least 1,500 hours on twin-engine aircraft and cockpit experience operating with more than one crew (multi-crew).

With respect to the A320neo aircraft, a half-day ground course is required for current A320 type-rated pilots to fly the A320neo aircraft.

Upon the final selection of all candidates for the cockpit crew, all selected candidates go through training programs as stipulated in the GACA book (Volume 4) and specially designed to meet the Company's requirements for their respective roles. The training programs include general aviation knowledge, airline specific knowledge, technical knowledge, simulator and skills, dangerous goods, crew resource management and fatigue management. All training programs are certified by GACA to ensure the quality and efficiency of the cockpit crew.

B. Cadet Pilot Programs

In line with the Company's future plans and expansions, the Company aims to ensure an adequate human resource of trained Saudi pilots to fill all cockpit positions through its cadet pilot programs.

The Company's pilots hold a commercial pilot's license and a type rating related to their ability to fly a specific type of aircraft. Pilots undergo a special program starting with their enrolment in accredited pilot training centers, followed by 120 hours of training to obtain the position of co-pilot.

Since the start of the cadet pilot program, more than 300 Saudi pilots have graduated and currently work as first officers and pilot-in-command at the Company.

C. Cabin Crew

The Company selects its cabin crew members through the evaluation of their educational qualification, experience, attitude, communication skills and personality traits.

Upon the hiring of cabin crew members, the members are enrolled in a training program tailored and customized by the Company and certified by GACA that is commensurate with the role expectations, including providing safety orientations to passengers and acting as ambassadors of the Company and ensuring the highest levels of safety and security as well as customer satisfaction while delivering in-flight services. All cabin crew members are required to periodically attend training programs to refresh and update their knowledge and skills.

The Company launched 9 recruitment campaigns to recruit Saudi and non-Saudi cabin crew in the financial year ended 31 December 2023G, followed by international recruitment campaigns (Turkey, India, Ethiopia, Kyrgyzstan, Morocco and Algeria) and domestic recruitment campaigns (Riyadh, Dammam and Jeddah) in the nine-month period ended 30 September 2024G. The Company also completed the initial crew training program for 18 batches with a total of 342 new cabin crew members enrolled in the financial year ended 31 December 2023G and in the nine-month period ended 30 September 2024G, respectively, along with the promotion of 64 cabin crew members to chief purser, respectively.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5. Organizational Structure of the Company

5.1 Ownership Structure of the Company

The following table shows the Company's ownership structure pre- and post-Offering:

Table 5.1: Ownership Structure of the Company Pre- and Post-Offering

#	Shareholder[1]	Pre-Offering			Post-Offering		
		Number of Shares	Total Nominal Value (SAR)	Shareholding %	Number of Shares	Total Nominal Value (SAR)	Shareholding %
1.	National Flight Services Company	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
2.	Kingdom Holding Company	56,885,387	568,853,870	37.077%	46,885,320	468,853,200	27.442%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	135,259,480	8.816%	11,148,178	111,481,780	6.525%
4.	Mawarid Investment Company	7,502,483	75,024,830	4.890%	6,183,597	61,835,970	3.619%
5.	Hamza Bahi Adeen Alsayed Al Kholi	3,676,063	36,760,630	2.396%	3,029,836	30,298,360	1.773%
6.	Saudi General Investment Trading and Services	1,838,032	18,380,320	1.198%	1,514,918	15,149,180	0.887%
7.	Salman Mohammed Khalid Bin Hethlain	1,251,948	12,519,480	0.816%	1,031,864	10,318,640	0.604%
8.	Yousef Abdulsattar Qassem Al Maimani	564,604	5,646,040	0.368%	465,350	4,653,500	0.273%
9.	Company – Treasury Shares	8,320,237	83,202,370	5.423%	N/A	N/A	N/A
10.	Public	N/A	N/A	N/A	51,255,568	512,555,680	30%
Total		**153,425,000**	**1,534,250,000**	**100%**	**170,851,893**	**1,708,518,930**	**100%**

(1) None of the direct Shareholders owns any of the Company's shares indirectly as of the date of this Prospectus.

Source: Company's information

The following table shows the Substantial Shareholders who own 5% or more, the number of their shares, and their ownership percentages pre- and post-Offering:

Table 5.2: Substantial Shareholders Owning 5% or More Indirectly Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Total Nominal Value (SAR)	Percentage[1]	Number of Shares	Total Nominal Value (SAR)	Percentage[1]
Khalid bin Sultan bin Abdulaziz Al Saud	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
Alwaleed bin Talal bin Abdulaziz Al Saud	44,447,223	444,472,230	28.970%	36,634,063	366,340,630	21.442%
Public Investment Fund (PIF)	9,593,665	95,936,650	6.255%	7,907,026	79,070,260	4.628%
Total	**113,901,186**	**1,139,011,860**	**74.241%**	**93,878,351**	**938,783,510**	**54.947%**

(1) The ownership percentages have been rounded to the nearest decimal place.

(2) The indirect ownership of the Substantial Shareholders owning 5% or more indirectly is as a result of the following:

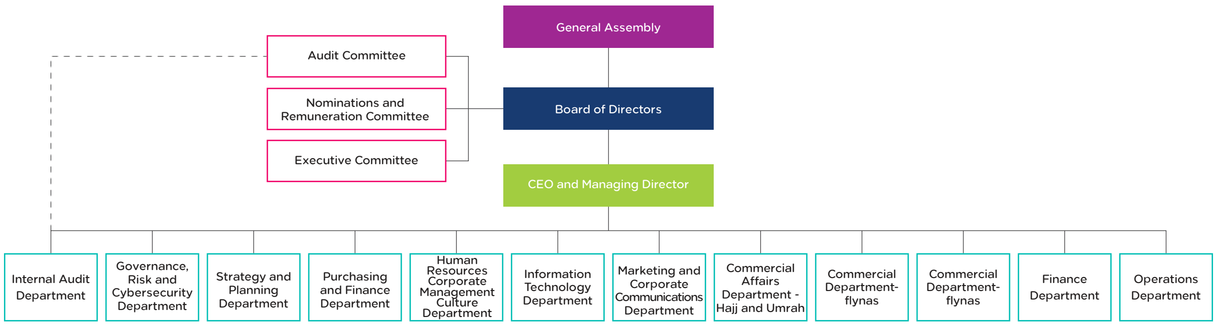
- Khalid bin Sultan bin Abdulaziz Al Saud owns 100% of the shares in National Air Services (NAS Holding), which in turn owns 39.02% of the Company's shares pre-Offering.
- Alwaleed bin Talal bin Abdulaziz Al Saud owns 78.14% of the shares in the Kingdom Holding Company, which in turn owns 37.08% of the Company's shares pre-Offering.
- The Public Investment Fund (PIF) owns 16.87% of the shares in the Kingdom Holding Company, which in turn owns 37.08% of the Company's shares pre-Offering.

Source: Company's information

5.2 Organizational Structure

The Company's Shareholders entrust the Board of Directors with the responsibility for general direction, supervision and monitoring of the Company's performance. The Board of Directors also authorizes the Company's Executive Management, especially the CEO, to undertake the responsibility of managing the Company's general daily business. The following figure shows the organizational structure of the Company, including the Board of Directors and the supervisory committees, as well as the duties undertaken by members of the Executive Management:

Figure 40: Organizational Structure of the Company



Source: Company's information

5.3 Board of Directors

5.3.1 Formation of the Board of Directors

The Company is managed by a board of directors consisting of 6 members appointed by the Ordinary General Assembly of Shareholders, provided that the number of its independent members is not less than 2 members or one-third of the Directors, whichever is greater. The duties and responsibilities of the Board of Directors are determined under the Company's Bylaws and the Company's Internal Governance Manual. The term of membership of the Directors, including the Chairman of the Board, shall be a maximum of 4 years for each session and they may be re-elected, unless the Company's Bylaws stipulate otherwise. The current session of the Board of Directors, which lasts for 4 years, began on 12/05/1445H (corresponding to 26/11/2023G) and will continue until 26/06/1449H (corresponding to 25/11/2027G).

The following table shows the Directors as of the date of this Prospectus:

Table 5.3: The Company's Board of Directors

No.	Name	Position	Nationality	Age	Capacity[1]	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment in the Current Session of the Board	Start Date of the Current Session of the Board[2]
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering		
1.	Ayed Thawab Manea Allah Al Jeaid	Chairman	Saudi	68 years	Non-executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
2.	Talal Ibrahim Ali Al Maiman	Vice Chairman	Saudi	70 years	Non-executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
3.	Hamza Bahi Adeen Alsayed Al Kholi	Director	Saudi	79 years	Non-executive	2.40%	1.80%	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)
4.	Mohamed Saleh Mohamed Al Bati	Director	Saudi	49 years	Independent	N/A	N/A	N/A	N/A	20/12/1445H (corresponding to 26/06/2024G)(3)	12/05/1445H (corresponding to 26/11/2023G)

No.	Name	Position	Nationality	Age	Capacity[1]	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment in the Current Session of the Board	Start Date of the Current Session of the Board[2]
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering		
5.	Abdullah Fahd Abdulaziz Al Fares	Director	Saudi	41 years	Independent	N/A	N/A	N/A	N/A	20/12/1445H (corresponding to 26/06/2024G)(3)	12/05/1445H (corresponding to 26/11/2023G)
6.	Bander Abdulrahman Nasser Al-Mohanna	Managing Director	Saudi	54 years	Executive	N/A	N/A	N/A	N/A	12/05/1445H (corresponding to 26/11/2023G)	12/05/1445H (corresponding to 26/11/2023G)

(1) Paragraph (c) of Article 19 of the Corporate Governance Regulations stipulates the factors that negate the independence requirement for an independent Director, including, but not limited to, the following:

- Them owning 5% or more of the Company's shares or the shares of another company in its group, or being related to a person who owns this percentage.
- Them being related to any of the Directors in the Company or in another company in its Group.
- Them being a relative to any of the Senior Executives of the Company or another company in its Group.
- Them being a director of another company within the group of the company for which they are nominated for board membership.
- They are or have been an employee during the preceding two years of the Company or another company in its Group, or are a controlling shareholder of the Company or any party dealing with the Company or another company in its Group, such as auditors or major suppliers, during the preceding two years.
- Them having a direct or indirect interest in the business and contracts carried out on behalf of the Company.
- Them receiving financial consideration from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees that exceeds SAR 200,000 or 50% of their remuneration in the previous year that they received for membership of the Board of Directors or any of its committees, whichever is less.
- Them participating in a business that competes with the Company, or trading in one of the branches of the activity practiced by the Company.
- Them serving for more than 9 years consecutively or inconsecutively as a Director of the Company.

(2) The dates mentioned in this table are the start dates of the Directors' current term, which ends on 26/06/1449H (corresponding to 25/11/2027G). The biographies of the Directors state the dates at which each Director was appointed to the Board or any other position (for further information, please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus).

(3) Directors Mohamed Saleh Mohamed Al Bati and Abdullah Fahd Abdulaziz Al Fares were appointed pursuant to the Board resolution dated 20/12/1445H (corresponding to 26/06/2024G) and the General Assembly's resolution approving such appointment dated 30/03/1446H (corresponding to 03/10/2024G) following the resignation of former Directors Saad Ibrahim Al Moosa and Saleh Abdullah Al Henaki.

Source: Company's information

The Secretary of the Board of Directors is Mr. Yousef Mohammed Abdullah Al-Muallem, who was appointed to this position on 21/11/1445H (corresponding to 29/05/2024G) (for a summary of his biography, please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus). It is also worth noting that the Secretary of the Board of Directors, Yousef Mohammed Abdullah Al-Muallem, does not own any shares in the Company as of the date of this Prospectus.

5.3.2 Board Responsibilities and Duties

The Board represents all Shareholders. It shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company, develop it and maximize its value. The Board of Directors is responsible for the Company's activities, even if it delegates some of its terms of reference to committees, entities, or individuals. In all cases, the Board of Directors may not issue a general or indefinite delegation.

Subject to the terms of reference assigned to the General Assembly under the Companies Law, its Implementing Regulations, and the Company's Bylaws, the Board of Directors shall have the broadest authority to manage the Company and direct its activities to achieve its objectives. The responsibilities and duties of the Board of Directors include overseeing the management of the Company's affairs and operations to ensure its continuity and managing it in a manner that serves the interests of all Shareholders, while also considering the interests of other stakeholders. The Board of Directors' role also includes approving plans and objectives for the Company's Executive Management.

5.3.3 Responsibilities of the Chairman

The competencies and responsibilities of the Chairman include:

- Ensuring that complete, clear, accurate and non-misleading information is provided to Directors.
- Ensuring that the Board of Directors exercises effective discussion of key issues.
- Representing flynas Company before third parties.
- Ensuring the effective performance of duties by the Directors to fulfill the interests of the Company.
- Ensuring that there are appropriate communication channels with Shareholders to convey their views to the Board of Directors.
- Convening periodic meetings with the non-executive Directors without the presence of any Executive Directors of the Company.
- Ensuring that Board of Directors' meetings are efficient and effective by carrying out the following:
  - Preparing appropriate meeting agendas that allocate sufficient time to each item.
  - Competent management of the flow of information to the Board of Directors to support agenda items.
  - Managing boardroom discussions and ensuring that conclusions/decisions are reached which are clearly understood by all Directors and are appropriately recorded.
- Serving as the primary liaison between management and the Board of Directors by fostering constructive relationships and effective engagement between the Board of Directors and Executive Management and creating a culture that encourages constructive criticism.
- Management of Ordinary General Assemblies.

5.3.4 Responsibilities of the Secretary

The competencies and responsibilities of the Secretary shall include:

- Preparing the schedule for Board of Directors meetings.
- Coordinating among Directors.
- Assisting the Chairman in preparing the agenda.
- Distributing voting cards to Directors.
- Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations that took place during such meetings, as well as the location, date and times on which such meetings commenced and were concluded; recording Board resolutions and voting results and retaining them in a dedicated and organized register, along with the names of the D and any reservations they expressed (if any). Such minutes shall be signed by the chairman of the meeting and all of the attending Directors and Secretary.
- Retaining the reports submitted to the Board of Directors and the reports prepared by it.
- Providing Directors with the Board agenda, working papers, documents and related information, as well as any additional documents or information requested by any of the Directors in relation to the topics of the meeting agenda.
- Ensuring that the Directors comply with the procedures approved by the Board.
- Informing Directors of the Board meeting dates with sufficient prior notice.
- Presenting draft meeting minutes to the Directors for them to express their views thereon before signature thereof.
- Ensuring that Directors have full and swift access to Board meeting minutes and information and documents related to the Company.
- Coordinating among Directors.
- Organizing the disclosure record of the Directors and Executive Management as stipulated in Article 89 of these Regulations.
- Providing assistance and advice to Directors.

5.3.5 Employment and Service Contracts entered into with the Directors

Except for the contract entered into with Bander Abdulrahman Nasser Al-Mohanna in their capacity as the Company's CEO, no employment or service contracts have been entered into between the Company and the Directors (for further information regarding the employment contract entered into with Bander Abdulrahman Nasser Al-Mohanna as the Company's CEO, please refer to Section 5.5.3 "**Employment Contracts with the CEO and CFO**" of this Prospectus).

5.3.6 Summary Biographies of the Directors and the Secretary of the Board of Directors

The following are the summary biographies of the Directors and the Secretary:

Table 5.4: Summary Biography of Ayed Thawab Manea Allah Al Jeaid

Name	Ayed Thawab Manea Allah Al Jeaid
Age	68 years
Nationality	Saudi
Position	Chairman
Date of Appointment (Current Session)	12/05/1445H (corresponding to 26/11/2023G)
Academic Qualifications	– Master of Military Science specializing in combat aviation, Command and General Staff College (CGSC), United States of America, 1989G. – Bachelor of Air Science, specializing in combat aviation, King Faisal Air College, Kingdom of Saudi Arabia, 1975G.
Current Positions	– Chairman of the Company, from 2017G to date. – Head of the Company's Executive Committee, from 2021G to date. – General Manager of Al Khalediah Poland, a Polish limited liability company operating in the field of agriculture and horse stables, from 2020G to date. – Chairman of NAS-ExecuJet, a Saudi limited liability company operating in the field of aviation, from 2013G to date. – Chairman of the National Aviation Ground Support Company "NAGS", a Saudi limited liability company operating in the field of commercial airline line maintenance services and logistics support, from 2010G to date. – Chairman of the National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2006G to date. – General Manager of Makshaf Investment Co., a Saudi limited liability company operating in the field of industrial and agricultural project management and third-party marketing services, 2003G to date. – Chairman of MCG, a British limited liability company working in the field of travel, from 1998G to date. – General Manager of the National Flight Services Company, a Saudi limited liability company operating in the field of aviation services, from 1997G to date. – General Manager of Portfolio Tourism and Travel Company, a Saudi limited liability company operating in the field of travel, from 1997G to date. – CEO of Makshaf Services Co Ltd., a Saudi limited liability company operating in various fields including media, aviation and agriculture, from 1996G to date. – Chairman of Elbow Beach Hotel, a limited liability company registered in Bermuda, a British Overseas Territory, operating in the field of hotels and hospitality, from 1996G to date. – Director of Gate Gourmet Al Saudia, a Saudi limited liability company operating in the field of airline catering, from 2024G to date.
Key Previous Professional Experience	Chairman of Dar Al Hayat Company, a Saudi limited liability company operating in the field of publishing and distribution, from 2005G to 2022G.

Source: Company's information

Table 5.5: Summary Biography of Talal Ibrahim Ali Al Maiman

Name	Talal Ibrahim Ali Al Maiman
Age	70 years
Nationality	Saudi
Position	Vice Chairman
Date of Appointment (Current Session)	12/05/1445H (corresponding to 26/11/2023G)
Academic Qualifications	– MBA in Finance, University of Liverpool, UK, 2009G. – Bachelor's degree in Electrical Engineering, University of Evansville, USA, 1979G.
Current Positions	– Director and Vice Chairman of the Company, from 2013G to date. – Vice Chairman of the National Industrialization Company, a Saudi public joint-stock company operating in the field of petrochemicals, from 2022G to date. – Director of Dallah Healthcare Company, a Saudi public joint stock company operating in the field of health services, from 2022G to date. – Member of the Company's Executive Committee, from 2021G to date. – Chairman of BSF Capital, a Saudi closed joint-stock company operating in the field of financial services, from 2019G to date. – Vice Chairman of BSF, a Saudi public joint stock company operating in the field of banking services, from 2019G to date. – Director of BSF, a Saudi public joint stock company operating in the field of banking services, from 2018G to date. – Chairman of the Strategic Committee at BSF, a Saudi public joint stock company operating in the field of banking services, from 2018G to date. – Member of the Executive Committee of BSF, a Saudi public joint stock company operating in the field of banking services, from 2018G to date. – Member of the Nomination and Remuneration Committee at BSF, a Saudi public joint stock company operating in the field of banking services, from 2018G to date. – CEO of Kingdom Holding Company, a Saudi public joint stock company operating in the field of investment holding companies activities, from 2017G to date. – Chairman of Five Capital Fund, a limited liability company operating in the field of venture capital and private equity, from 2017G to date. – Director of Five Capital Fund, a limited liability company operating in the field of venture capital and private equity, from 2016G to date. – Chairman of Kingdom Investment and Development Company, a Saudi closed joint stock company operating in the field of purchasing land to construct residential and commercial buildings and investing them by sale thereof, from 2015G to date. – Chairman of Project Services Company Limited, a Saudi limited liability company operating in the field of healthcare, from 2013G to date. – Director of Jeddah Economic Company, a Saudi limited liability company operating in the field of real estate, from 2009G to date. – Chairman of Kingdom Schools Company, a Saudi limited liability company operating in the field of education, from 2009G to date. – Chairman of Kingdom Real Estate Development Company Limited, a Saudi limited liability company operating in the field of real estate development, from 2009G to date. – CEO of Kingdom Real Estate Development Company Limited, a Saudi limited liability company operating in the field of real estate development, from 2009G to date. – Member of the Executive Committee at the National Industrialization Company, a Saudi public joint stock company operating in the field of petrochemicals, from 2007G to date. – CEO of Mall of Arabia Company Limited, a Saudi limited liability company operating in the field of real estate activities in shopping malls, from 2006G to date. – Director of Kingdom Holding Company, a Saudi public joint stock company, operating in the field of investment holding companies activities, from 1996G to date.

Key Previous Professional Experience	– Chairman of Commercial Center Company Limited, a Saudi limited liability company operating in the field of real estate activities in commercial centers, from 2010G to 2023G. – Director of Savola Group, a Saudi public joint stock company operating in the field of food and retail, in 2007G. – Director of Saudi Research and Marketing Group, a Saudi public joint stock company operating in the field of publishing, media, advertising, distribution and printing, in 2015G. – Chairman of Care Shield Holding, a Saudi joint stock company operating in the field of healthcare, from 2002G to 2020G. – Executive Director of Domestic Development and Investments at Kingdom Holding Company, a Saudi public joint stock company operating in the field of investment holding company activities, from 1996G to 2016G. – Manager of Information Systems, Saudi Arabian Monetary Agency (now known as the Saudi Central Bank), a Saudi government entity operating in the field of maintaining monetary and financial stability in Saudi Arabia, from 1986G to 1996G. – Manager of the Operations and Maintenance Department at the Ministry of Interior, a Saudi government ministry responsible for ensuring security and stability in the Kingdom, from 1979G to 1986G.

Source: Company's information

Table 5.6: Summary Biography of Hamza Bahi Adeen Al Kholi

Name	Hamza Bahi Adeen Al Kholi
Age	79 years
Nationality	Saudi
Position	Director
Date of Appointment (Current Session)	12/05/1445H (corresponding to 26/11/2023G)
Academic Qualifications	Bachelor's degree in Pharmacy, King Saud University, Kingdom of Saudi Arabia, 1966G.
Current Positions	– Director of the Company, from 2012G to date. – Director of Alkholi Holding Company, a Saudi closed joint stock company operating in the fields of management of a group of companies in the aviation sector, construction, operation and maintenance, facilities and asset management, investment, communications and information technology, from 2021G to date. – Chairman of Alkholi Holding Company, a Saudi closed joint stock company operating in the fields of managing a portfolio of companies in the aviation sector, construction, operation and maintenance, facilities and asset management, investment, communications and information technology, from 2021G to date. – Partner and Director of Hamza AlKholi Trading (HAKTCO), a Saudi limited liability company operating in the fields of managing a range of companies in the aviation sector, construction, operation and maintenance, facilities and asset management, investment, communications and information technology, from 1976G to date. – Partner and Director of Saudi Architecture Art Maintenance Company, a Saudi limited liability company operating in the field of building maintenance, from 1978G to date. – Partner and Director of the Arabian Maintenance and Operations Services (AMOS), a Saudi limited liability company operating in the field of maintenance and operation services, from 1983G to date.

Source: Company's information

Table 5.7: Summary Biography of Mohamed Saleh Mohamed Al Bati

Name	Mohamed Saleh Mohamed Al Bati
Age	49 years
Nationality	Saudi
Position	Director
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– Master's degree in Financial Mathematics, Johns Hopkins University, USA, 2008G. – Bachelor's degree in Information Systems, King Saud University, Kingdom of Saudi Arabia, 1997G.
Current Positions	– Director of the Company, from 2024G to date. – Director of Al-Rajhi and Brothers Co., a limited liability company operating in the field of real estate, from 2023G to date. – Chairman of National Asset Management Company, a limited liability company operating in the field of asset and facility management in the real estate sector, from 2020G to date. – Vice Chairman of National Financing Support Services Company, a Saudi closed joint stock company operating in the field of services, from 2019G to date. – Director of National Housing Company (NHC), a Saudi closed joint stock company operating in the field of services, from 2018G to date. – CEO of National Housing Company (NHC), a Saudi closed joint stock company operating in the field of real estate development, from 2016G to date.
Key Previous Professional Experience	– Advisor to the Minister of Housing at the Ministry of Housing, from 2015G to 2016G. – Vice President of Business Development at Engineering and Technology Services Corporation (ETSC), from 2014G to 2015G.

Source: Company's information

Table 5.8: Summary Biography of Abdullah Fahd Abdulaziz Al Fares

Name	Abdullah Fahd Abdulaziz Al Fares
Age	41 years
Nationality	Saudi
Position	Director
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– MBA, Prince Sultan University, Kingdom of Saudi Arabia, 2016G. – Bachelor's degree in Electrical Communications Engineering, King Saud University, Kingdom of Saudi Arabia, 2005G.
Current Positions	– Director of the Company, from 2024G to date. – Head of the Vision and Implementation Office at the Ministry of Industry and Mineral Resources, a Saudi government ministry operating in the field of industry, from 2022G to date. – Director of Zain Telecommunications Company, a Saudi public joint stock company operating in the field of communications, from 2022G to date. – Director of Marble Design Factory Company - Marble Design, a Saudi public joint stock company operating in the field of wholesale construction material sales, from 2022G to date. – Member of the Audit Committee at Marble Design Factory Company - Marble Design, a Saudi public joint stock company operating in the wholesale of construction materials, from 2022G to date.
Key Previous Professional Experience	– Chief Strategy Officer at the Land Registry, a private government-owned real estate company, from 2021G to 2022G. – Head of the Vision and Implementation Office, Ministry of Municipalities and Housing, a Saudi government ministry, from 2019G to 2021G. – Deputy Governor for Strategies at the Unified National Platform, a Saudi government entity operating in the field of government technical services, from 2016G to 2019G. – Director of Engineering at Etihad Telecommunications Company (Mobily), a Saudi listed joint stock company operating in the field of communications, from 2005G to 2016G. – Director of Association for Strategy Planning, a non-profit organization operating in the field of training, professional licensing and consulting, from 2022G to 2023G.

Source: Company's information

Table 5.9: Summary Biography of Bander Abdulrahman Nasser Al-Mohanna

Name	Bander Abdulrahman Nasser Al-Mohanna
Age	54 years
Nationality	Saudi
Position	Managing Director
Date of Appointment (Current Session)	12/05/1445H (corresponding to 26/11/2023G)
Academic Qualifications	– Master's degree in Actuarial Science and Financial Mathematics, University of Michigan Ann Arbor, USA, 2022G. – Master's degree in Business Administration, American University, USA, 1998G. – Bachelor's degree in Accounting, King Saud University, Kingdom of Saudi Arabia, 1993G.
Current Positions	– Director of the Company, from 2015G to date. – Member of the Company's Executive Committee, from 2021G to date. – Member of the Company's Nomination and Remuneration Committee, from 2021G to date. – Managing Director of the Company, from 2017G to date. – CEO and Managing Director of the Company, from 2015G to date. – Chairman of Nira Advanced Commercial Services Company, a one-person Saudi limited liability company operating in the field of consulting, from 2023G to date. – Member of the Executive Committee at the Arab Air Carriers Organization, a non-profit Arab organization operating in the field of air transport, from 2022G to date. – Chairman of the Nomination and Remuneration Committee at the Saudi Air Navigation Services Company (SANS), a Saudi limited liability company operating in the field of air navigation services, from 2022G to date. – Member of the Executive Committee at Saudi Air Navigation Services Company (SANS), a Saudi limited liability company operating in the field of air navigation services, from 2022G to date. – Director of Saudi Aegis Engineering Consulting Company, a one-person Saudi limited liability company operating in the field of consulting, from 2021G to date. – Director of flynas Hajj & Umrah, a Saudi limited liability company operating in the field of operational leasing of aircraft and operation of non-commercial aircraft, from 2016G to date. – Director of NasJet Company, a one-person Saudi limited liability company operating in the field of operating private aviation, from 2016G to date. – Director of NasTech, a one-person Saudi limited liability company operating in the field of operation, maintenance and technology of aircraft, from 2016G to date – General Manager of Nitaq Actuarial Services Company, a Saudi limited liability company operating in the field of actuarial services, from 2011G to date. – Director of Saudi Air Navigation Services Company, a Saudi limited liability company operating in the field of air navigation services, from 2018G to date. – CEO and Managing Director of National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2015G to date.
Key Previous Professional Experience	– Chairman of Jazal Arabia for Commercial Investments, a Saudi closed joint stock company operating in the field of real estate, from 2014G to 2022G. – Director of Nas ExecuJet Company, a Saudi limited liability company operating in the field of aviation, from 2012G to 2022G. – Chairman of Middle East Financial Investment Company (MEFIC Capital), a Saudi closed joint stock company operating in the field of investment, from 2018G to 2021G. – Director of SABB Takaful Company (currently Walaa Cooperative Insurance Company), a Saudi joint stock company operating in the field of banking services, from 2018G to 2019G. – Member of the Audit Committee at SABB Takaful Company (currently Walaa Cooperative Insurance Company), a Saudi joint stock company operating in the field of banking services, from 2018G to 2019G. – Financial Analyst at Mukshaf Services and Investments Limited, a Saudi limited liability company operating in the field of investment, from 2003G to 2006G. – Banking Inspection Department at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 1993G to 2003G. – Chief Financial Officer and Deputy CEO of National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2006G to 2015G.

Source: Company's information

Table 5.10: Summary Biography of Youssef Mohamed Abdullah Al Moalim

Name	Youssef Mohamed Abdullah Al Moalim
Age	52 years
Nationality	Saudi
Position	Secretary of the Board of Directors
Date of Appointment (Current Session)	21/11/1445H (corresponding to 29/05/2024G)
Academic Qualifications	– Master's degree in Law, University of Cleveland, USA, 2003G. – Bachelor's degree in Law, King Saud University, Kingdom of Saudi Arabia, 1995G.
Current Positions	– Secretary of the Company's Board of Directors, from 2007G to date. – Legal Advisor of the Company, from 2007G to date.
Key Previous Professional Experience	– International Cooperation Department Specialist at the Commission for Tourism and Antiquities, a Saudi government body operating in the field of tourism and antiquities, from 2004G to 2007G. – Legal Advisor at Cairo Saudi Bank, which merged with the United Saudi Commercial Bank under the name United Saudi Bank, which merged with Samba Financial Group, which in turn merged into the Saudi National Bank, a Saudi public joint stock company operating in the field of banking services, from 1996G to 1999G.

Source: Company's information

5.4 Board Committees

A number of committees emerge from the Company's Board of Directors, which are formed based on the Company's needs, circumstances and conditions to enable it to perform its tasks effectively, in addition to fulfilling relevant legal requirements. These committees include the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

The following is a summary of the structure, responsibilities and members of each committee:

5.4.1 Audit Committee

A. Formation of the Audit Committee

The Company has an Audit Committee formed of 5 members whose appointment was recommended pursuant to the Board of Directors' resolution dated 25/12/1445H (corresponding to 26/06/2024G) and approved by the General Assembly resolution dated 30/03/1446H (corresponding to 03/10/2024G) for a term ending with the end of the Board of Directors term on 26/06/1449H (corresponding to 25/11/2027G). The following table shows the names of the Audit Committee members:

Table 5.11: Members of the Audit Committee

#	Name	Position	Status
1.	Mohamed Saleh Mohamed Al Bati	Chairman of the Audit Committee	Independent
2.	Saleh Abdullah Saleh Al Henaki	Member of the Audit Committee	Non-Board member
3.	Fouad Abdullah Abdul Rahman Al Rashed	Member of the Audit Committee	Non-Board member
4.	Khaled Saleh Fahd Al Sabil	Member of the Audit Committee	Non-Board member
5.	Mamdouh Suleiman Eid Al Majid	Member of the Audit Committee	Non-Board member

Source: Company's information

B. Responsibilities of the Audit Committee

The duties and responsibilities of Audit Committee include:

- Nominating and recommending external auditors to the Board of Directors.
- Making the Chairman of the Audit Committee or their delegate available to attend Ordinary General Assembly meetings to answer any questions raised by the Shareholders.
- Receiving any records, documents, clarifications or data required from the Directors or Executive Management for the purposes of monitoring and reviewing the business, by following the appropriate channels through the Secretary of the Board and the Chairman of the Board.
- Requesting that the Board of Directors invites the Company's General Assembly to convene if the Board of Directors obstructs its work or the Company suffers significant damages or losses.
- Developing a mechanism that enables the Company's employees to confidentially provide feedback regarding any mistakes in financial or other reports, and taking these comments into account for investigation.
- Reviewing the scope and effectiveness of proposed audits in relation to the Company's problem areas.
- Reviewing the results of the financial audit with external auditors and discussing the financial statements.
- Checking the adequacy of the Company's internal, financial and operational controls with internal audit staff and external auditors and reporting the results to the Board of Directors.
- Prior approval of all audit and non-audit services.
- Obtaining third-party legal or other professional advice as needed.

C. Summary Biographies of the Audit Committee Members

The following are summary biographies of the Audit Committee members:

Table 5.12: Summary Biography of Mohamed Saleh Mohamed Al Bati

Name	Mohamed Saleh Mohamed Al Bati
Position	Chairman of the Audit Committee
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.13: Summary Biography of Saleh Abdullah Saleh Al Henaki

Name	Saleh Abdullah Saleh Al Henaki
Position	Member of the Audit Committee
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– Master of Science degree in Financial Mathematics, University of Michigan, USA, 2002G. – Master's degree in Economics, University of Colorado, USA, 1998G. – Bachelor of Arts degree in Quantitative Methods, King Saud University, Kingdom of Saudi Arabia, 1994G.
Current Positions	– Member of the Company's Audit Committee, from 2017G to date. – Member of the Company's Nomination and Remuneration Committee, from 2017G to date. – CEO of Nitaq Financial Company, a Saudi closed joint stock company operating in the field of investment, from 2021G to date. – Director of the Saudi Egyptian Development Company, an Egyptian closed joint stock company operating in the field of real estate, from 2022G to date. – Head of the Executive Committee at the Saudi Egyptian Development Company, an Egyptian closed joint stock company operating in the field of real estate, from 2022G to date. – Head of the Investment Committee at the Saudi Egyptian Development Company, an Egyptian closed joint stock company operating in the field of real estate, from 2022G to date. – Director of Jazal Arabia Company, a Saudi closed joint stock company operating in the field of real estate, from 2015G to date. – Director of Roaa Al Haram Company, a Saudi limited liability company operating in the field of hospitality, from 2022G to date. – Head of the Audit Committee at Roaa Al Haram Company, a Saudi limited liability company operating in the field of hospitality, from 2023G to date. – Director of Mohammad Al Habib Holding, a Saudi closed joint stock company operating in the field of holding company activities and investment in various sectors, from 2021G to date. – Member of the Audit Committee at Mohammad Al Habib Holding, a Saudi closed joint stock company operating in the field of holding company activities and investment in various sectors, from 2021G to date. – Chairman of the Board at National Finance Services Company, a Saudi closed joint stock company operating in the field of holding company activities and investment in various sectors, from 2021G to date. – Director of Rafal Real Estate Development Company, a Saudi limited liability company operating in the field of real estate development, from 2022G to date. – Managing Director of Rafal Real Estate Development Company, a Saudi limited liability company, operating in the field of real estate development, from 2022G to date.
Key Previous Professional Experience	– Director of the Company, from 2017G to 2024G. – Chairman of the Company's Audit Committee, from 2017G to 2024G. – Chairman of the Company's Nomination and Remuneration Committee, from 2021G to 2024G. – Director of Maharah Human Resources Company, a Saudi public joint stock company operating in the field of recruiting manpower and providing manpower services to the public and private sectors, from 2021G to 2024G. – Member of the Executive and Audit Committee at National Housing Company, a Saudi closed joint stock company operating in the field of housing, from 2017G to 2022G. – Member of the Executive Committee at Thakher Real Estate Development Company, a Saudi closed joint stock company operating in the field of real estate development, from 2019G to 2022G. – Director of Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO ADDWAEIH), a Saudi public joint stock company operating in the field of medicine, from 2019G to 2022G. – Member of the Audit and Investment Committee at SPIMACO ADDWAEIH, a Saudi public joint stock company operating in the field of medicine, from 2019G to 2022G. – CEO of Mohammed Alsubeaei & Sons Investments Company (MASIC), a Saudi limited liability company operating in the field of investment and real estate, from 2019G to 2020G. – CEO of Alinma Investment Company, a Saudi closed joint stock company operating in the field of financial services and investment, from 2014G to 2019G. – Chairman, Saudi Indian Cooperative Insurance Company "Wafa Insurance", a Saudi public joint stock company operating in the field of insurance, from 2011G to 2016G. – Head of the Asset Department at Falcom Investment Company, a Saudi closed joint stock company operating in the field of investment, from 2007G to 2014G. – Fund Manager at Al Rajhi Bank, a Saudi public joint stock company operating in the field of banking services, from 2007G to 2008G. – Banking Inspector at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 1995G to 2006G.

Source: Company's information

Table 5.14: Summary Biography of Fouad Abdullah Abdul Rahman Al Rashed

Name	Fouad Abdullah Abdul Rahman Al Rashed
Age	54 years
Nationality	Saudi
Position	Member of the Audit Committee
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– Advanced Diploma in Accounting, Institute of Certified Management Accountants, USA, 1996G. – Bachelor's degree in Accounting, King Saud University, Kingdom of Saudi Arabia, 1992G.
Current Positions	– Member of the Company's Audit Committee, from 2020G to date. – CEO of Sulaiman Abdulaziz Al Rajhi Real Estate Investments Company, a Saudi public joint stock company operating in the field of real estate, from 2021G to date.
Key Previous Professional Experience	– CEO of Rafal Real Estate Development Company, a Saudi joint stock company operating in the field of real estate development, from 2019G to 2020G. – CEO of Asala Holding Company, a Saudi joint stock company operating in the field of real estate, from 2012G to 2019G. – Vice President of Finance and Administration at Mohammad Al Habib Real Estate Company, a Saudi joint stock company operating in the field of real estate, from 2007G to 2012G. – Executive Financial Director at the Saudi Authority for Industrial Cities and Technology Zones, a Saudi government body operating in the field of managing and developing industrial plots with integrated services, from 2004G to 2007G. – Head of the Finance Department at Riyadh Development Company, a Saudi joint stock company operating in the field of real estate, from 2002G to 2004G. – Head of the Internal Audit Department at Riyadh Al Kharj Military Hospital, a Saudi government hospital operating in the field of health, from 2000G to 2002G. – Banking Inspector at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 1992G to 2000G.

Source: Company's information

Table 5.15: Summary Biography of Khaled Saleh Fahd Al Sabil

Name	Khaled Saleh Fahd Al Sabil
Age	60 years
Nationality	Saudi
Position	Member of the Audit Committee
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– Master's degree in Business Sciences, specializing in Accounting, University of Illinois, USA, 1998G. – Certificate of the Advanced Program for Banking Studies, Institute of Public Administration, Kingdom of Saudi Arabia, 1989G. – Bachelor's degree in Arts, King Saud University, Kingdom of Saudi Arabia, 1986G.
Current Positions	– Member of the Company's Audit Committee, from 2016G to date. – Member of the Audit Committee at Al Rajhi Bank, a Saudi public joint stock company operating in the field of banking services, from 2023G to date. – Member of the Audit and Risk Committee at the National Center for Performance Measurement, a Saudi government body operating in the field of measuring performance indicators of government entities, from 2020G to date. – Member of the Audit Committee at National Housing Company, a Saudi joint stock company operating in the field of housing, from 2018G to date. – Member of the Audit Committee at the National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2016G to date.
Key Previous Professional Experience	– Member of the Audit Committee at Saudi British Bank (currently Saudi Awwal Bank), a Saudi joint stock company operating in the field of providing banking services, from 2017G to 2023G. – Member of the Audit, Compliance and Risk Committee at the Saudi Export-Import Bank, a Saudi government financial institution operating in the field of developing and diversifying Saudi exports, from 2020G to 2022G. – Member of the Audit Committee at the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, a Saudi joint stock company operating in the field of cooperative insurance, from 2016G to date. – Consultant at the Ministry of Housing, a Saudi government entity operating in the field of supervising the housing sector, from 2015G to 2017G. – Head of the Banking Enforcement Department at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 2013G to 2015G. – Head of the Inspection Department at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 2007G to 2013G. – Head of the Anti-Money Laundering and Countering the Financing of Terrorism Department at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 2004G to 2007G. – Banking Inspector at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 1992G to 2004G. – Accountant at the Saudi Arabian Monetary Agency (currently known as the Saudi Central Bank), a Saudi government body operating in the field of maintaining monetary and financial stability in the Kingdom of Saudi Arabia, from 1992G to 2004G.

Source: Company's information

Table 5.16: Summary Biography of Mamdouh Suleiman Eid Al Majid

Name	Mamdouh Suleiman Eid Al Majid
Age	53 years
Nationality	Saudi
Position	Member of the Audit Committee
Date of Appointment (Current Session)	20/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– Master's degree in Business Administration, University of Leicester, United Kingdom, 2004G. – Bachelor's degree in Accounting and Finance, King Saud University, Kingdom of Saudi Arabia, 1995G.
Current Positions	– Member of the Company's Audit Committee, from 2018G to date. – Member of the Audit Committee at BSF, a Saudi public joint stock company operating in the field of providing banking services, from 2019G to date. – Member of Audit Committee at the National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2018G to date. – Managing Partner of Al Majed and Al Anazi Chartered Accountants and Auditors, a professional Saudi company operating in the field of accounting and legal auditing, from 2010G to date.
Key Previous Professional Experience	– Member of the Audit Committee at Care Shield Holding Company, a Saudi joint stock company operating in the field of health care, from 2016G to 2020G. – Head of the Finance Department at Kingdom Holding Company, a Saudi public joint stock company operating in the field of investment holding company activities, from 2004G to 2010G. – Financial Controller at Kingdom Holding Company, a Saudi public joint stock company operating in the field of investment holding company activities, from 2007G to 2012G.

Source: Company's information

5.4.2 Nomination and Remuneration Committee

A. Formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 4 members who were appointed pursuant to the Board of Directors' resolution dated 25/12/1445H (corresponding to 26/06/2024G) for a term ending with the end of the Board of Directors term on 26/06/1449H (corresponding to 25/11/2027G). The following table sets out the names of the members of the Nomination and Remuneration Committee:

Table 5.17: Members of the Nomination and Remuneration Committee

#	Name	Position	Status
1.	Abdullah Fahd Abdulaziz Al Fares	Chairman of the Nomination and Remuneration Committee	Independent
2.	Saleh Abdullah Saleh Al Henaki	Member of the Nomination and Remuneration Committee	Non-Board member
3.	Saad Ibrahim Saad Al Moosa	Member of the Nomination and Remuneration Committee	Non-Board member
4.	Khaled Ahmed Ibrahim Al Thumairi	Member of the Nomination and Remuneration Committee	Non-Board member

Source: Company's information

B. Responsibilities of the Nomination and Remuneration Committee

The responsibilities of the Nomination and Remuneration Committee include:

1. Nomination:

Reviewing and recommending to the Board of Directors the size and composition of the Board of Directors, including review of Board succession plans, Executive Management succession plans and Chairman and CEO succession.

Reviewing and providing recommendations to the Board of Directors on the following:

- Membership criteria for the Directors, Committees and Executive Management.
- Annual recommendations for the appointment and re-election of Directors, members of Committees and Executive Management, and when necessary, the proposal of candidates for consideration by the Board of

Directors (provided that members of the Committee do not present recommendations to the Board of Directors for themselves).

  - Assisting the Board of Directors as required in evaluating the performance of the Board, its Committees and Executive Management, and in developing and implementing plans to identify, evaluate and enhance the competencies of Directors.
  - Ensuring that there is an effective induction and orientation process for new Directors, as well as continuing education programs, in addition to ensuring the effectiveness thereof is regularly reviewed.

- Suggesting clear policies and criteria for membership of the Board of Directors and Executive Management.
- Providing recommendations to the Board regarding the nomination or re-nomination of Directors in accordance with the approved policies and criteria, taking into account that nomination shall not include any person that has been convicted of a crime involving moral turpitude or dishonesty.
- Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and Executive Management positions.
- Annually reviewing the skills and expertise required for the membership of the Board of Directors and the Executive Management positions.
- Determining the amount of time that Directors must allocate to Board activities.
- Reviewing the structure of the Board of Directors, the Committees, and Executive Management and making recommendations on changes that can be made thereto.
- Annually ensuring the independence of independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company.
- Providing job descriptions for executive, non-executive and independent Directors and the Senior Executives.
- Setting procedures to be followed if the position of a Director or a Senior Executive becomes vacant.
- Determining the strengths and weaknesses of the Board of Directors and recommending remedial solutions for weaknesses in accordance with the Company's interests.

2. Remuneration:

- Preparing a clear policy for the remuneration of the Directors, Board Committee members and the Executive Management, and presenting such policy to the Board to consider in preparation for approval by the General Assembly, provided that such policy follows performance-based standards, as well as disclosing and ensuring the implementation of such policy.
- Clarifying the relationship between the remuneration paid and the adopted remuneration policy, highlighting any material deviation from such policy.
- Reviewing the remuneration policy periodically and assessing the effectiveness thereof.
- Developing a remuneration policy that:
  - Aligns with the Company's strategy and goals.
  - Attracts and retains talented Directors and Executive Management members, while incentivizing them to drive flynas Company's success and maximize long-term shareholder value.
  - Determines rewards based on job level, duties, responsibilities, education, work experience, skill, and performance level.
  - Is consistent with the size, nature and level of risk faced by the Company.
  - Considers the practices of other companies in how remuneration is determined, while avoiding the disadvantages of such comparisons, particularly those that lead to unjustified increases in remuneration and compensation.
  - Reviews cases where remuneration is suspended or recovered if it is determined that such remuneration was awarded based on inaccurate information provided by a Director or a member of the Executive Management.
  - Regulates the granting of flynas Company shares to Directors and Executive Management, whether newly issued or purchased by the Company.
- Reviewing and recommending arrangements for executive Directors and Executives who report to the CEO, such as contract terms, annual remuneration, and participation in the Company's short- and long-term incentive plans.

- Reviewing and approving institutional goals and objectives related to the CEO's compensation, evaluating the CEO's performance in light of such goals and objectives on an annual basis, and determining and approving the CEO's annual compensation based on such evaluation.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- Providing recommendations to the Board of Directors in respect of the remuneration of Directors, Board Committee members and Senior Executives, in accordance with the approved policy.
- Reviewing the Company's compensation plan and retirement and benefits policies and plans for employees other than executives and key officers.
- Reviewing Executive Management performance evaluations and the annual results thereof through the CEO and CFO.
- Reviewing and recommending the short-term incentive strategy, performance targets and remuneration payments for Executive Management.
- Providing and making available to the Board of Directors and Executive Management sufficient information and obtaining third-party advice to ensure informed decision-making in relation to remuneration.

C. Summary Biographies of the Nomination and Remuneration Committee Members

The following are summary biographies of the Nomination and Remuneration Committee members:

Table 5.18: Summary Biography of Abdullah Fahd Abdulaziz Al Fares

Name	Abdullah Fahd Abdulaziz Al Fares
Position	Head of the Nomination and Remuneration Committee
Date of Appointment (Current Session)	25/12/1445H (corresponding to 26/06/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.19: Summary Biography of Saleh Abdullah Saleh Al Henaki

Name	Saleh Abdullah Saleh Al Henaki
Position	Member of the Nomination and Remuneration Committee
Date of Appointment (Current Session)	25/12/1445H (corresponding to 26/06/2024G)
Biography	Please refer to Section 5.4.1(c) "**Summary Biographies of the Audit Committee Members**" of this Prospectus.

Source: Company's information

Table 5.20: Summary Biography of Saad Ibrahim Saad Al Moosa

Name	Saad Ibrahim Saad Al Moosa
Position	Member of the Nomination and Remuneration Committee
Date of Appointment (Current Session)	25/12/1445H (corresponding to 26/06/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.21: Summary Biography of Khaled Ahmed Ibrahim Al Thumairi

Name	Khaled Ahmed Ibrahim Al Thumairi
Age	53 years
Nationality	Saudi
Position	Member of the Nomination and Remuneration Committee
Date of Appointment (Current Session)	25/12/1445H (corresponding to 26/06/2024G)
Academic Qualifications	– PhD in Business Administration, University of Northampton, United Kingdom, 2021G. – Master's degree in Business Administration, University of Denver, Colorado, USA, 1998G – Bachelor's degree in English, King Saud University, Kingdom of Saudi Arabia, 1994G
Current Positions	– Member of the Company's Nomination and Remuneration Committee, from 2024G to date. – CEO of Modern Dimension Company, from 2021G to date.
Key Previous Professional Experience	– CEO of Shared Services, Prince Mohammed bin Salman Foundation (Misk), a non-profit organization that encourages learning and leadership development in youth, from 2019G to 2021G. – General Manager of Human Resources and Support Services at Nadec, a listed joint stock company operating in the field of agricultural development, from 2012G to 2019G.

Source: Company's information

5.4.3 Executive Committee

A. Formation of the Executive Committee

The Executive Committee consists of 3 members appointed pursuant to a Board resolution dated 21/11/1445H (corresponding to 29/05/2024G). The following table sets out the names of the members of the Executive Committee:

Table 5.22: Members of the Executive Committee

#	Name	Position	Status
1.	Ayed Thawab Manea Allah Al Jeaid	Chairman of the Executive Committee	Non-executive
2.	Talal Ibrahim Ali Al Maiman	Member of the Executive Committee	Non-executive
3.	Bander Abdulrahman Nasser Al-Mohanna	Member of the Executive Committee	Executive

Source: Company's information

B. Responsibilities of the Executive Committee

The duties and responsibilities of the Executive Committee include:

- Reviewing the Company's strategies and objectives and making recommendations to the Board of Directors.
- Reviewing proposed business, financial and operational plans and making recommendations to the Board of Directors thereon.
- Reviewing and recommending all major projects and expansions to the Board of Directors, in line with the Company's approved strategies and long-term business, financial and operational plans.
- Evaluating the Company's capital structure periodically and overseeing the development of long-term capital structure guidelines.
- Periodically reviewing policies, strategies, and management of exposure to financial or economic risks, including foreign currency, interest rate, and fuel hedging strategies, as well as insurance programs.
- Reviewing the Board of Directors' proposals regarding joint ventures, agreements, and acquisition activities, including aircraft purchases and liquidation of investments, in alignment with long-term business, financial, and operational plans.
- Evaluating and making recommendations to the Board of Directors regarding the sale, lease or exchange of the Company's property or assets.
- Monitoring and receiving reports on the implementation and completion of the Company's major projects and expansions.

- Providing approvals for the establishment of branch offices and agencies in line with the Company's approved strategies and long-term business, financial and operational plans.
- Providing approvals on the Company's policies and procedures, except for those related to accounting, which must be reviewed by the Audit Committee, and the Company's compensation and benefits policies, which must be reviewed and approved by the Nomination and Remuneration Committee.
- Providing recommendations to the Board regarding loans, banking facilities, and the execution of loans and mortgages.
- Providing recommendations to the Board regarding investment plans, including the investment of the Company's liquid assets.
- Meeting with the Private Aircraft Committee and the Commercial Aircraft Committee, discussing the reports thereof and making recommendations as appropriate to the Board of Directors based on such reports.
- Meeting with management on legal matters and litigation of material concern, discussing their reports in this regard, and recommending the necessary actions to the Board of Directors.
- Monitoring the performance of the Company and its individual business units and requesting explanations for any deviations from the approved plans and budget.
- Obtaining and considering performance information in relation to stakeholder feedback and benchmarks against similar organizations and activities.
- Ensuring that the Board of Directors has approved appropriate mechanisms to establish good relationships with clients and vendors and maintain the confidentiality of their information.
- Receiving reports on all major decisions made by the Company's management, making recommendations as appropriate, and assisting the Board in focusing discussions on relevant matters related to such recommendations.
- Performing any other duties expressly delegated by the Board of Directors from time to time.

C. Summary Biographies of the Executive Committee Members

The following are the summary biographies of the Executive Committee members:

Table 5.23: Summary Biography of Ayed Thawab Manea Allah Al Jeaid

Name	Ayed Thawab Manea Allah Al Jeaid
Position	Head of the Executive Committee
Date of Appointment (Current Session)	21/11/1445H (corresponding to 29/05/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.24: Summary Biography of Talal Ibrahim Ali Al Maiman

Name	Talal Ibrahim Ali Al Maiman
Position	Member of the Executive Committee
Date of Appointment (Current Session)	21/11/1445H (corresponding to 29/05/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.25: Summary Biography of Bander Abdulrahman Nasser Al-Mohanna

Name	Bander Abdulrahman Nasser Al-Mohanna
Position	Member of the Executive Committee
Date of Appointment (Current Session)	21/11/1445H (corresponding to 29/05/2024G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

5.5 Executive Management

The Company's Executive Management consists of a team that has the necessary experience and skills to manage the Company. The CEO is responsible for conducting the day-to-day operations of the Company as per the directions and policies of the Board of Directors, in order to ensure that the Company's objectives set by the Board are fulfilled.

5.5.1 Executive Management Departments

A. Finance Department

The Finance Department of the Company is responsible for overseeing all financial matters at the Company level in accordance with internationally accepted practices and maintaining transparent practices that comply with regulatory requirements in line with the Company's strategic objectives. The main responsibilities of the Finance Department include the following: (1) maintaining the Company's financial policies and accounting procedures and assisting in cost monitoring and cash flow management; (2) managing cash flow, financing, exceptional facilities, and relationships with banks and financial institutions; and (3) preparing monthly, quarterly, semi-annual, and annual financial statements, conducting the annual legal audit of the financial statements, overseeing the monthly closure of subsidiary ledgers and the general ledger, as well as preparing the annual tax (Zakat) declaration and contracting for risk insurance coverage.

B. Aircraft Procurement and Finance Department

The Aircraft Procurement and Finance Department oversees the purchase and leasing of aircraft and engines from manufacturers and aircraft leasing companies. The main responsibilities of this department include the following: (1) arranging transactions for purchasing aircraft through sale and leaseback agreements and financing from aircraft leasing companies; (2) negotiating agreements with maintenance service providers and original equipment manufacturers; and (3) negotiating to secure optimal prices for purchasing aircraft fuel.

C. Operations Department

The Operations Department is responsible for organizing the management of all flights through a state-of-the-art operations center equipped with the latest systems. Its responsibilities include: (1) safety and security functions and responsibilities; (2) quality management responsibilities; (3) management of aircraft maintenance and engineering; and (4) ground operations, scheduling, and planning.

D. Human Resource and Corporate Culture Department

The Human Resources and Corporate Culture Department is an essential component of the Company, as it is responsible for human resources and corporate culture, public procurement, and facilities management, with a dedicated team of professionals to ensure the smooth running of the Company.

- **Human Resources and Corporate Culture:**

  The Human Resources and Corporate Culture team in the Company is committed to attracting, developing and retaining top talent within the Company. The Human Resources and Corporate Culture team handles various aspects of employee management, including recruitment, training and development, compensation and benefits, performance management, and employee relations by fostering a positive work environment and providing support to its employees to contribute to the growth and success of the Company.

- **Public Procurement:**

  The public procurement team is responsible for sourcing, negotiating, and purchasing the goods and services required by various departments within the Company. The public procurement team contributes to the overall efficiency and profitability of the Company and facilitates the procurement process by ensuring the timely delivery of quality products at competitive prices.

- **Facilities Management:**

  The Facilities Management team is responsible for maintaining a safe, functional and productive work environment for the Company's employees. The Facilities Management team, for example, oversees building maintenance, security management, office space planning, facilities management, and vendor management to ensure a favorable environment for employees to focus on their work and do their best.

E. Commercial Affairs Department – Hajj and Umrah

The Commercial Affairs Department - Hajj and Umrah is entrusted with the following tasks and responsibilities:

- Developing an integrated Hajj plan according to the targeted countries and numbers and ensuring that the required airplanes are available.
- Negotiating and signing pilgrim transportation contracts with target countries.
- Adhering to the rules and regulations and fulfilling the conditions, rules and regulations of the Ministry of Hajj and Umrah, the General Authority of Civil Aviation, and the relevant government agencies.
- Preparing schedules for the transportation of pilgrims for all contracted countries.
- Organizing and coordinating the support and back-up required from different departments of the Company to implement the Hajj plan.
- Organizing and marketing integrated Umrah programs including Umrah visa and health insurance.
- Organizing group trips to historical and tourist attractions within the Kingdom.
- Collaborating with travel, transportation, and housing and accommodation companies.

F. Commercial Department – flynas Company

The Commercial Department – flynas Company is entrusted with the following duties and responsibilities:

- Kingdom Sales: Management of Saudi sales and key accounts.
- Global Sales: Expanding the Company's global footprint and overseeing international sales.
- Digital Sales, Ancillary Services, and Loyalty: Enhancing passenger experience through digital innovation and loyalty programs.
- Commercial Orientation and Revenue Management: Optimizing revenue and ensuring business sustainability.
- Global Distribution System and Online Travel Agency: Managing key global distribution relationships.
- Shipping: Crucial for logistics, shipping optimization, and compliance.
- Customer Experience: The Customer Experience Department works strategically and operationally to ensure a seamless and enhanced client experience from air services to ground experiences.

G. Commercial Department – NasJet

The Commercial Department - NasJet is responsible for attracting premium clients who own private jets and who are provided with aircraft management, operation and maintenance services. The Commercial Department – NasJet is responsible for marketing private aviation services, attracting clients and travelers interested in private jet travel. Additionally, it develops marketing and sales strategies and provides high-end luxury and a unique experience in terms of products and services for clients.

H. Information Technology (IT) Department

The main responsibilities of the Company's IT Department include maintaining the functionality and viability of the Company's existing technical systems, hardware and software, improving the quality of these systems as necessary, and developing and successfully implementing new applications, both through the Company's internal resources and through external service providers.

The IT Department also provides technical support and assistance at the Company's headquarters and all of the Company's offices.

I. Strategy and Planning Department

The Strategy and Planning Department is responsible for the oversight and implementation of the Company's strategic plans, including working closely with the senior management team to identify and review key strategic priorities. The Strategy and Planning Department also coordinates with the relevant business units of the Company and monitors the implementation of their plans in each of these areas.

J. Marketing and Corporate Communications Department

The Marketing and Corporate Communications Department consists of three sub-divisions:

- Marketing Division: It is the division responsible for marketing communications, including commercial offers and advertising or promotional campaigns. Additionally, it manages the Company's brand, including overseeing its applications and maintaining its identity. The Marketing Department also handles the Company's official accounts on digital platforms, in addition to producing designs, videos, and images for official events or to promote commercial offers.
- Corporate Communication: It is the division responsible for building and enhancing a positive brand image by producing and managing the Company's official content, including news, speeches, statements from executives, and through managing relationships with media, journalists and influencers, as well as with government entities and private sector companies. The division also handles internal employee communications and internal events, and manages external events such as conferences and events to celebrate the launch of new flights and destinations. The division is also responsible for managing the Company's sustainability program, social responsibility initiatives, and partnership building.
- Customer Service: It is the division responsible for managing relationships during direct ticket sales and post-sale interactions with clients. This includes handling inquiries, amendment requests, complaints, and feedback, and responding to them through the Company's head office and via all communication channels, including social media platforms, email, phone, and the website. Additionally, it manages any disruptions to flight schedules, including notifying travelers via communication channels in case of flight changes. The Customer Service Division is also responsible for managing the Company's call centers in Riyadh and Jeddah.

K. Internal Audit Department

The purpose of the Internal Audit Department is to provide independent and objective assurance and consulting services based on risk, with the aim of adding value to the Company and improving its operations. Its mission is to enhance and protect the Company's values through its services. This is achieved by adopting a systematic and structured approach to assess and improve the effectiveness of governance, risk management and internal control processes.

The Internal Audit Department seeks to assist the Company's management in:

- Assessing the extent to which the Company adheres to internal control systems when identifying and managing risks, as well as identifying and addressing obstacles in implementing internal controls.
- Evaluating the evolution of the Company's risk factors and the systems in place to cope with unforeseen changes.
- Ensuring that adequate control procedures are in place to safeguard the Company's assets and enhance the efficiency and effectiveness of their utilization.
- Ensuring compliance with the relevant laws and regulations and the Company's policies and procedures.
- Ensuring the accuracy of financial and operational reports.

5.5.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table 5.26: Executive Management of the Company

#	Name	Position	Nationality	Age	Date of Appointment	Shareholding Percentage in the Company Pre-Offering	Shareholding Percentage in the Company Post-Offering
1.	Bander Abdulrahman Nasser Al-Mohanna	CEO	Saudi	54 years	10/04/1436H (corresponding to 30/01/2015G)	N/A	N/A
2.	Ramzi Zaroubi	CFO	Lebanese	62 years	08/09/1430H (corresponding to 28/09/2009G)	N/A	N/A
3.	Nandan Mimani	Chief Procurement and Financing Officer	Indian	50 years	24/02/1431H (corresponding to 08/02/2010G)	N/A	N/A
4.	Mansoor Obaid Musleh Alharbi	Chief Operating Officer (COO)	Saudi	57 years	03/04/1430H (corresponding to 09/03/2009G)	N/A	N/A
5.	Asma Talal Jamil Hamdan	Chief Human Resources and Corporate Culture Officer	Saudi	39 years	05/06/1437H (corresponding to 14/02/2016G)	N/A	N/A
6.	Stefan Oliver Magiera	Chief Commercial Officer	German	50 years	24/061440 (corresponding to 01/03/2019G)	N/A	N/A
7.	Sourav Sinha	Chief Information Technology Officer (CIO)	Indian	58 years	05/10/1446H (corresponding to 03/04/2025G)	N/A	N/A
8.	Anurag Kumar Jain	Chief Strategy and Planning Officer	Indian	51 years	29/03/1439H (corresponding to 17/12/2017G)	N/A	N/A
9.	Mousa Bahri	Vice President of Marketing and Corporate Communications	Saudi	38 years	06/08/1431H (corresponding to 17/07/2010G)	N/A	N/A
10.	Abdultawab Bilal	Director of Internal Audit	Egyptian	36 years	26/03/1443H (corresponding to 01/11/2021G)	N/A	N/A
11.	Badr Hamad Zaid Al-Aqili	Vice President of Governance, Risk, Compliance and Cybersecurity	Saudi	45 years	13/10/1445H (corresponding to 22/04/2024G)	N/A	N/A

Source: Company's information

5.5.3 Employment Contracts with the CEO and CFO

The following table summarizes the employment and service contracts between the Company and the CEO and CFO:

Table 5.27: Summary of Employment and Service Contracts with the CEO and CFO

Name	Position	Contract Date	Contract Term
Bander Abdulrahman Nasser Al-Mohanna	CEO	21/04/1436H (corresponding to 10/02/2015G)	Indefinite-term contract
Ramzi Zaroubi	CFO	11/09/1430H (corresponding to 01/09/2009G)	One year, automatically renewable

Source: Company's information

5.5.4 Summary Biographies of the Executive Management Members

The following are the summary biographies of the Executive Management members:

Table 5.28: Summary Biography of Bander Abdulrahman Nasser Al-Mohanna

Name	Bander Abdulrahman Nasser Al-Mohanna
Position	CEO
Joining Date	12/04/1436H (corresponding to 01/02/2015G)
Biography	Please refer to Section 5.3.6 "**Summary Biographies of the Directors and the Secretary of the Board of Directors**" of this Prospectus.

Source: Company's information

Table 5.29: Summary Biography of Ramzi Zaroubi

Name	Ramzi Zaroubi
Age	62 years
Nationality	Lebanese
Position	CFO
Joining Date	11/09/1430H (corresponding to 01/09/2009G)
Academic Qualifications	– Certified Management Accountant, Institute of Chartered Management Accountants, United Kingdom, 1992G. – Bachelor of Science majoring in Business Computing, Lebanese American University, Lebanon, 1985G.
Current Positions	CFO of the Company, from 2009G to date.
Key Previous Professional Experience	– Senior Vice President of Finance and Business Development at Royal Jet, a UAE-based limited liability company operating in the field of aviation, from 2004G to 2009G. – Director of Finance at Presidential Flight, a UAE government entity, from 1994G to 2004G. – Senior Management Accountant at Emirates Global Aluminium, a UAE private joint stock company operating in the field of aluminum products, from 1986G to 1993G.

Source: Company's information

Table 5.30: Summary Biography of Nandan Mimani

Name	Nandan Mimani
Age	50 years
Nationality	Indian
Position	Chief Procurement and Financing Officer
Joining Date	14/04/1439H (corresponding to 01/01/2018G)
Academic Qualifications	– Certificate of the Advanced Management Program, Harvard Business School, USA, 2022G. – Chartered Accountant specializing in Finance, Institute of Chartered Accountants, India, 1996G. – Certificate in Corporate Secretarial Practice, majoring in Company Law, Institute of Company Secretaries, India, 1997G. – Certificate of Cost and Business Accountant, specializing in Management Accounting, Institute of Cost and Business Accounting, India, 1997G. – Bachelor of Commerce majoring in Finance, University of Calcutta, India, 1994G.
Current Positions	Chief Procurement and Financing Officer at the Company, from 2016G to date.
Key Previous Professional Experience	– Group Chief Executive for Strategy and Planning at the National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2012G to 2016G. – Executive Director of Finance at the National Air Services Company (NAS Holding), a Saudi joint stock company operating in the field of aviation, from 2010G to 2012G. – Vice President of Finance at SpiceJet, an Indian public company operating in the field of aviation, from 2007G to 2010G. – Assistant at Future Group India, an Indian company operating in the field of food, from 2006G to 2007G. – Financial Controller (Region Chief Finance Officer) at Coca-Cola Company, an Indian public listed company operating in the field of beverages, from 2002G to 2005G. – Manager of Revenue Assurance at Bharti Telecom, an Indian public listed company operating in the field of telecommunications, from 2001G to 2002G. – Manager of Finance and Management Information Systems at Standard Chartered, an Indian public listed company operating in the field of banking and investment, from 2000G to 2001G. – Manager of Strategic Planning and Management Information Systems at UB Group, an Indian public listed company operating in the field of beverages, from 1998G to 2000G.

Source: Company's information

Table 5.31: Summary Biography of Mansoor Obaid Musleh Al Harbi

Name	Mansoor Obaid Musleh Alharbi
Age	57 years
Nationality	Saudi
Position	Chief Operating Officer (COO)
Joining Date	12/04/1436H (corresponding to 01/02/2015G)
Academic Qualifications	– PhD in the field of Aviation in Aviation Science and Aviation Cost Assurance, Capitol Technology University, USA, 2023G. – Leadership Challenge Program Certificate, European Institute of Business Administration (INSEAD), French Republic, 2018G. – Advanced Management Program Certificate, European Institute of Business Administration (INSEAD), French Republic, 2015G. – Master's degree in Military Sciences, Ministry of Defense and Aviation, Kingdom of Saudi Arabia, 2005G. – Bachelor's degree in Atmospheric Science, King Faisal Air Academy, Kingdom of Saudi Arabia, 1990G.
Current Positions	Chief Operating Officer of the Company, from 2015G to date.
Key Previous Professional Experience	– Executive General Manager of Air Operations at the Company, from September 2010G to 2011G. – Deputy Executive General Manager of Air Operations at the Company, from June 2010G to September 2010G. – Director of Training at the Company, from 2009G to 2010G. – Director of Air Operations (Air Force) at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 2008G to 2009G. – Director of Standardization at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 2006G to 2008G. – Director of Training at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 2003G to 2006G. – Director of the Office of the Air Base Commander at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 1997G to 2003G. – Director of Standardization at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 1994G to 1997G. – Director of Operations at the Ministry of Defense, a Saudi government ministry operating in the field of supervision of the armed forces and defense, from 1990G to 1994G.

Source: Company's information

Table 5.32: Summary Biography of Stefan Oliver Magera

Name	Stefan Oliver Magiera
Age	50 years
Nationality	German
Position	Chief Commercial Officer
Joining Date	24/06/1440H (corresponding to 01/03/2019G)
Academic Qualifications	Certificate equivalent to a Bachelor's Degree in Business Administration, University of Applied Sciences in Gelsenkirchen, Federal Republic of Germany, 2004G.
Current Positions	Chief Commercial Officer of the Company, from 2019G to date.
Key Previous Professional Experience	– Deputy Chief Executive of the European Region at Inmarsat, a British public limited company operating in the field of satellite operation and communications, from 2017G to 2019G. – Deputy Chief Executive of Sales, Director of the Eastern Europe Region and Director General of Asia and the Middle East at Air Berlin, a German public limited company operating in the field of aviation, from 2008G to 2017G. – Head of Sales at Germanwings, a German company operating in the field of aviation, from 2006G to 2008G. – Head of Corporate Sales at Air Berlin, a German public limited company operating in the field of aviation, from 2004G to 2006G. – Office Manager at Hapag-Lloyd Travel, a German limited company operating in the field of travel, from 1998G to 1999G.

Source: Company's information

Table 5.33: Summary Biography of Asmaa Talal Jamil Hamdan

Name	Asma Talal Jamil Hamdan
Age	39 years
Nationality	Saudi
Position	Chief Human Resources and Corporate Culture Officer
Joining Date	06/07/1441H (corresponding to 01/03/2020G)
Academic Qualifications	– Leadership Communication Program Certificate, European Institute of Business Administration (INSEAD), French Republic, 2020G. – Digital Transformation Program Certificate, University of Virginia, USA, 2019G. – Pre-PhD Research Degree in Business and Management, University of Gloucestershire, United Kingdom, 2017G. – Art of Negotiation Program, Harvard University, USA, 2013G. – Master of Business Administration, Prince Sultan University, Kingdom of Saudi Arabia, 2011G. – Global Business Program Certificate, Geneva Business School, Switzerland, 2008G. – Bachelor's degree in Administrative Sciences and Business Administration, King Saud University, Kingdom of Saudi Arabia, 2007G.
Current Positions	– Chief Human Resources and Corporate Culture Officer at the Company, from 2019G to date. – Director of Jarir Marketing Company, a Saudi public joint stock company operating in the field of consumer information technology products and libraries, from 2022G to date. – Director of Mobi Industry Company, a Saudi public joint stock company operating in the field of manufacturing and producing detergents, agricultural nutrients and plastics, from 2021G to date. – Head of the Nomination and Remuneration Committee at Mobi Industry Company, a Saudi public joint stock company operating in the field of manufacturing and producing detergents, agricultural nutrients and plastics, from 2021G to date.
Key Previous Professional Experience	– Head of Information Technology at the Company, from 2018G to 2021G. – Vice President of Projects at the Company, from 2017G to 2018G. – Director of the Company's Project Management Office, from 2016G to 2017G. – Director of Administrative Consultancies at Accenture, a Saudi limited liability company operating in the field of administrative consultancies, in 2016G. – Director of Operations and Sales Planning at Hewlett-Packard Company, an American multinational joint-stock company operating in the field of networks and corporate information technology, from 2014G to 2016G. – Financial Controller at Hewlett-Packard Company, an American multinational joint-stock company operating in the field of networks and corporate information technology, from 2013G to 2014G. – Project Manager at Hewlett-Packard, an American multinational joint stock company operating in the field of networks and corporate information technology, from 2011G to 2013G. – Business Planning Specialist at Dar Al Waraq Trading Company, a Saudi limited liability company operating in the field of paper, from 2007G to 2011G.

Source: Company's information

Table 5.34: Summary Biography of Sourav Sinha

Name	Sourav Sinha
Age	58 years
Nationality	Indian
Position	Chief Information Technology Officer (CIO)
Joining Date	05/10/1446H (corresponding to 03/04/2025G)
Academic Qualifications	Bachelor's of technology in Engineering, Indian Institute of Technology, India, 1989G.
Current Positions	Chief Information Technology Officer at the Company, from 2025G to date.
Key Previous Professional Experience	– Chief Information Officer and Founding Member at Beond Airline (Arabesque Aviation DWC LLC), a Maldivian limited liability company operating in the aviation field, from 2022G to 2024G. – Director at Societe Internationale de Telecommunicatio ns Aeronautiques (SITA), a Swiss Cooperative private company operating in the aviation technology and telecommunication field, from 2021G to 2022G. – Vice Chair and Member of the Digital Transformation Board Advisory Council at International Air Transport Association (IATA), an international airline trade association, from 2020G to 2022G. – Chief Information Officer at Indigo, an Indian public joint stock company listed on the Indian and Mumbai stock exchanges operating in the aviation field, from 2018G to 2022G. – Senior Vice President – Information Technology at Oman Air, a state owned Omani closed joint stock company operating in the aviation field, from 2013G to 2018G. – Member, of the Executive Advisory Board at Sabre Corporation, an American aviation telecommunication public joint stock company listed on NASDAQ operating in the advisory field, from 2008G to 2018G. – Senior Vice President and Chief Information Officer at Kingfisher Airline, an Indian public joint stock company listed on the Indian and Mumbai stock exchanges operating in the aviation field, from 2008G to 2013G. – Vice President (Head of Group IT) at Qatar Airways, a state owned Qatari closed joint stock company operating in the aviation field, from 2004G to 2008G. – Chief Executive Officer at an IT joint venture between Tata Consultancy Services and Singapore Airlines, an Indian public joint stock company listed on the Indian and Mumbai stock exchanges and a Singaporean joint stock company listed on the Singapore stock exchange, operating in the field of information technology, from 2001G to 2004G. – Regional Manager at Tata Consultancy Services, a public joint stock company listed on the Indian and Mumbai stock exchanges, operating in the field of consulting, from 1998G to 2001G.

Source: Company's information

Table 5.35: Summary Biography of Anurag Kumar Jain

Name	Anurag Kumar Jain
Age	51 years
Nationality	Indian
Position	Chief Strategy and Planning Officer
Joining Date	29/03/1439H (corresponding to 17/12/2017G)
Academic Qualifications	– Fellowship in Quantitative Methods and Information Systems, Indian Institute of Management, Bangalore, India, 2006G. – Bachelor's degree in Technology majoring in Chemical Engineering, Kanpur University, India, 1994G.
Current Positions	Chief Strategy and Planning Officer at the Company, from 2017G to date.
Key Previous Professional Experience	– Chief Strategy and Planning Officer at AirAsia India, an Indian company operating in the field of aviation, from 2016G to 2017G. – Chief Commercial Officer at TruJet, an Indian company operating in the field of aviation, from 2014G to 2016G. – Senior Vice President of Network Planning and Strategy Development at SpiceJet, an Indian public company operating in the field of aviation, from 2013G to 2014G. – Vice President of Commercial Strategy and Revenue Management at Kingfisher Airlines, an Indian public company operating in the field of aviation, from 2011G to 2013G. – Head of Revenue Optimization at SpiceJet, an Indian public company operating in the field of aviation, from 2009G to 2011G. – Head of the Risk Department and Head of the Revenue and Pricing Department at Kingfisher Airlines - Deccan Air, an Indian public company operating in the field of aviation, from 2004G to 2009G. – Chemical Engineer at India Glycol Limited, an Indian company operating in the field of petrochemicals, from 1995G to 1998G. – Chemical Engineer at Chambal Fertilisers and Chemicals Ltd, an Indian company operating in the field of fertilizers and chemicals, from 1994G to 1995G.

Source: Company's information

Table 5.36: Summary Biography of Mousa Bahri

Name	Mousa Bahri
Age	39 years
Nationality	Saudi
Position	Vice President of Marketing and Corporate Communications
Joining Date	02/06/1439H (corresponding to 18/02/2018G)
Academic Qualifications	Higher Diploma in Commercial Aviation Sciences, Al Zoman Aviation Institute, Kingdom of Saudi Arabia, 2006G.
Current Positions	Vice President of Marketing and Corporate Communications at the Company, from 2018G to date.
Key Previous Professional Experience	– Director of the Communications Department at the Ministry of Investment, a Saudi government entity operating in the field of organizing and supervising the investment process, from 2017G to 2018G. – Administrative Assistant at Samama Group Company, a Saudi holding company operating in the field of construction projects, technical services, planning, real estate development, transportation and health and medical projects, from 2009G to 2010G.

Source: Company's information

Table 5.37: Summary Biography of Abdul Tawab Bilal

Name	Abdul Tawab Bilal
Age	37 years
Nationality	Egyptian
Position	Director of Internal Audit
Joining Date	26/03/1443H (corresponding to 01/11/2021G)
Academic Qualifications	Bachelor's degree in Accounting, Beni Suef University, Arab Republic of Egypt, 2008G.
Current Positions	Director of the Internal Audit Department at the Company, from 2021G to date.
Key Previous Professional Experience	– Director of the Internal Audit Department at Riyadh Food Industries Company, a Saudi closed joint stock company operating in the field of food production, from 2021G to 2021G. – Audit Manager at Khaled Bin Afir & Partner Company, a Saudi professional company operating in the field of auditing, financial and administrative consultancy, from 2013G to 2020G.

Source: Company's information

Table 5.38: Summary Biography of Badr Hamad Zaid Al Aqili

Name	Badr Hamad Zaid Al-Aqili
Age	45 years
Nationality	Saudi
Position	Vice President of Governance, Risk, Compliance and Cybersecurity
Joining Date	13/10/1445H (corresponding to 22/04/2024G)
Academic Qualifications	– Master's degree in Information Security, Saudi Electronic University, Kingdom of Saudi Arabia, 2017G. – Bachelor's degree in Computer and Information Systems, Wilkes University, USA, 2013G.
Current Positions	Vice President of Governance, Risk, Compliance and Cybersecurity at the Company, from 2024G to date.
Key Previous Professional Experience	– Director of Governance, Risk and Compliance for Cybersecurity at Mobily, a Saudi public joint stock company operating in the field of communications, from 2021G to 2024G. – Director of Cybersecurity at Tawal Company, a company owned by the Saudi Telecom Group operating in the field of communications towers, in 2021G. – Director of Cybersecurity at Saudi Post/SPL, a government company/institution operating as the national postal operator in the Kingdom, from 2017G to 2020G. – Director of Cybersecurity at Al Faisaliah Holding Group, a Saudi closed joint stock company operating in the fields of agriculture, food and beverages, dairy products, restaurants, health care, electronics, electronic systems and supplies, consumer products and retail, in 2017G. – Leader of the Network Security Team at Arabian Agricultural Services Company (ARASCO), a Saudi closed joint stock company operating in the field of manufacturing animal feed, poultry, agricultural and veterinary products, livestock breeding products, food analytical services and solutions, and logistics, from 2015G to 2017G.

Source: Company's information

5.6 Cases of Bankruptcy and Insolvency Involving the Directors and Executive Management

There are no cases of bankruptcy involving the Directors, members of Executive Management or the Secretary of the Board of Directors as of the date of this Prospectus. In addition, there have been no cases of insolvency during the previous 5 years for a company in which any of the Directors, members of Executive Management or the Secretary of the Board of Directors was appointed by the insolvent company in an administrative or supervisory position.

5.7 Direct and Indirect Interests of the Directors and Executive Management

Except as disclosed in Section 5.3 "**Board of Directors**", Section 5.5.2 "**Members of the Executive Management**" and Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, neither the Directors, the Executive Management, the Secretary of the Board of Directors or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or its Subsidiaries (if any), or any interest in any other matter that may affect the Company's business.

Except as disclosed in Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus, neither the Directors, the Executive Management, the Secretary of the Board of Directors or any of their relatives have any interest in any contract or arrangement valid or intended to be entered into with respect to the business of the Company or its Subsidiaries as of the date of this Prospectus.

The following table sets out the direct and indirect ownership percentages of the Directors and members of the Executive Management in the Company pre- and post-Offering. Except as mentioned below, none of the Directors or members of the Executive Management own any shares in the Company, directly or indirectly, as of the date of this Prospectus.

Table 5.39: Direct and Indirect Ownership Percentages of the Directors and Members of the Executive Management in the Company Pre- and Post-Offering

#	Name	Position	Direct Ownership (%)		Indirect Ownership (%)	
			Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Hamza Bahi Adeen Alsayed Al Kholi	Director	2.40%	1.80%	N/A	N/A

Source: Company's information

The following table shows the details of the agreements and transactions with Related Parties in which the Directors and members of the Executive Management of the Company have an interest, which were approved by the General Assembly on 19/12/1445H (corresponding to 25/06/2024G) (for further information regarding such agreements, please refer to Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus.

Table 5.40: Details of the Agreements and Transactions with Related Parties in which the Directors and Members of the Executive Management have an Interest

#	Agreement/ Transaction	Transaction Value					Interested Directors and Executive Management Members	Type of Interest	Rationale
		Financial Year Ended 31 December 2021G (SAR)	Financial Year Ended 31 December 2022G (SAR)	Financial Year Ended 31 December 2023G (SAR)	Nine-Month Period Ended 30 September 2023G (SAR)	Nine-Month Period Ended 30 September 2024G (SAR)			
1.	Transactions with National Air Services Company	3,590,041	7,245,626	9,769,911	7,200,344	5,504,308	Ayed Thawab Al Jeaid	Indirect interest	The Chairman, Ayed Thawab Al Jeaid, holds the position of General Manager of National Air Services Company ("NAS Holding")

#	Agreement/ Transaction	Transaction Value					Interested Directors and Executive Management Members	Type of Interest	Rationale
		Financial Year Ended 31 December 2021G (SAR)	Financial Year Ended 31 December 2022G (SAR)	Financial Year Ended 31 December 2023G (SAR)	Nine-Month Period Ended 30 September 2023G (SAR)	Nine-Month Period Ended 30 September 2024G (SAR)			
2.	Transactions with Real Estate Investment Limited	543,191	655,100	411,625	7,200,344	N/A	Talal Ibrahim Al Maiman	Indirect interest	The Director, Talal Ibrahim Al Maiman, is the CEO of Real Estate Investment Limited and the CEO and Director of Kingdom Holding Company, a substantial shareholder of Real Estate Investment Limited.
3.	Transactions with BSF	N/A	843,750,000[(1)]	N/A	N/A	N/A			The Director, Talal Ibrahim Al Maiman, is a Director at BSF.
4.	Transactions with BSF Capital	N/A	375,000	125,000	N/A	N/A			The Director, Talal Ibrahim Al Maiman, is the Chairman of the Board of Directors of BSF Capital.
5.	Transactions with NasJet	55,932,824	71,378,744	93,552,887	The value of transactions with NasJet represents the value of the agreements that NasJet entered with its clients, 62,145,967	89,742,763	Bander Abdulrahman Al-Mohanna	Indirect interest	The Managing Director and CEO, Bander Abdulrahman Al-Mohanna, holds the position of CEO at NasJet.
6.	Transactions with NAS Holding	N/A	N/A	N/A	N/A	N/A	Ayed Thawab Al Jeaid Bander Abdulrahman Al-Mohanna	Indirect interest	The Managing Director and CEO, Bander Abdulrahman Al-Mohanna, holds the position of CEO at NAS Holding. The Chairman, Ayed Thawab Al Jeaid, holds the position of Chairman of the Board of Directors of NAS Holding.
7.	Transactions with Saudi Air Navigation Services Company (SANS)	83,344,151	103,385,298	54,719,647	92,638,101	113,798,983	Bander Abdulrahman Al-Mohanna	Indirect interest	The Managing Director and CEO, Bander Abdulrahman Al-Mohanna, is a Director of Saudi Air Navigation Services Company.

(1) This value represents the amount of the facilities utilized from one agreement with BSF, as the value of the other agreement is calculated on a proportional basis for each service provided. Please refer to Section 13.4.14(b) "**Payment Gateway Services Agreement with Banque Saudi Fransi**" of this Prospectus for information related to payment of fees).

Source: Company's information

5.8 Remuneration of the Directors and Executive Management

The following table shows details of the remuneration and in-kind benefits granted by the Company and its Subsidiaries to the Directors and top 5 Executive Management members who received the highest remuneration and compensation from the Company and its Subsidiaries, including the CEO and CFO, during the previous three financial years:

Table 5.41: Remuneration of the Directors and Executive Management Members during the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September 2024G
	2021G	2022G	2023G	
Directors	1,783,620	1,948,060	2,112,500	3,742,500
Top Five Senior Executives who received the Highest Remuneration and Compensation[(1)]	22,287,945	23,725,185	23,830,689	22,228,221

[(1)] The Senior Executives mentioned include the CEO and CFO.

Source: Company's information

5.9 The Company's Reward and Incentive Program

As of the date of this Prospectus, the Company has an incentive program for a number of its employees, Senior Executives, Directors and members of Board committees, which was approved by the Company's Board of Directors pursuant to its resolutions on 11/11/1445H (corresponding to 19/05/2024G) and on 22/10/1446H (corresponding to 20/04/2025G) and was adopted by the Company's General Assembly pursuant to its resolutions on 27/11/1445H (corresponding to 04/06/2024G) and on 24/10/1446H (corresponding to 22/04/2025G) for the purpose of motivating and rewarding individuals who have contributed to the Company's success and added to its ability to achieve its objectives through the completion of the Offering or private placement of the Company's shares.

A number of the Directors and members of Board committees as well as a number of the Company's Senior Executives who were nominated by the Nomination and Remuneration Committee and approved by the Board of Directors or the General Assembly (as applicable) were eligible to participate in the Company's Incentive Program. The structure of the Company's Incentive Program consists of cash rewards that vest in the form of units linked to the performance of the Company's shares, which will be granted to eligible employees, Directors and members of Board committees after the CMA's approval of the Offering, provided that the maximum total number of units for the Company's Incentive Program does not exceed 12,274,000 units of equal value measured at an aggregate value equal to 8% of the number of the Company's issued shares. The rewards will be paid in cash, subject to eligibility and if the conditions listed below are met. It is worth noting that the provisions of the Company's Incentive Program set the value of the unit at a cash amount equal to the value of one share in the Company upon the Offering. In case of a private placement, the higher value of the fair value range or the actual value of the share in the private placement is adopted for the purpose of evaluating the units. The units subject to the Incentive Program are not shares or securities issued by the Company and do not provide their holders with any rights or entitlements (including, but not limited to, voting rights, economic rights or entitlements) that holders of shares or securities issued by the Company are entitled to. The Offer Shares will not be subscribed for, nor will the Company's shares be invested in or owned for the purpose of the Incentive Program.

The Company's Incentive Program units are granted to and vested by employees, Senior Executives, Directors and members of Board committees determined by the competent committees and approved by the Board of Directors within the provisions of the Program as follows:

- Directors and members of Board committees participating in the Incentive Program will be entitled to a total number of units with an aggregate value equal to 2.58% of the total number of the Company's issued shares.
- The Company's employees (including the Senior Executives) participating in the Incentive Program will be entitled to a total number of units with an aggregate value equal to 5.42% of the total number of the Company's issued shares, provided that they are employees at an administrative level or higher and have critical roles and a positive impact on the Company's success in achieving the desired value and goals through the Offering or Private Placement of the Company's shares, as specified within the provisions of the Company's Incentive Program.

The provisions of the Company's Incentive Program will be implemented from the date the Company's Incentive Program units are granted to the beneficiaries until the units are vested and the associated cash rewards are disbursed to beneficiaries, including employees, Senior Executives, Directors and members of Board committees.

Unit entitlement cases include the following:

- **Offering**: All units of the Company's Incentive Program will be vested on the date the Offer Shares are listed.
- **Private Placement of the Company's shares**: All units of the Company's Incentive Program will be vested on the date of completion of the Private Placement.

Cash rewards will be paid to each holder of the Company's Incentive Program units, which are worth the cash value of the number of units granted according to the above-mentioned valuation, provided the following conditions are met:

- Being in employment if they are an employee of the Company, unless exempted by the Board of Directors.
- Entitlement to units and the associated bonus shall be forfeited in the event that the unit holder resigns or is dismissed for disciplinary reasons, unless exempted by the Board of Directors.
- A pledge in writing not to join any local airline for a period of two years from the last day of employment with the Company if they are an employee of the Company, unless exempted by the Board of Directors.

The accrued rewards are disbursed according to the following:

- **For employees of the Company (excluding the CEO)**: Fifty percent (50%) of the due cash reward shall be disbursed within 30 days of the completion of the Offering or Private Placement; twenty-five percent (25%) will be paid 12 months from the date of completion of the Offering or Private Placement; and the remaining amount will be paid 24 months from the date of completion of the Offering or Private Placement.
- **Members of Board of Directors, Members of Board Committees & CEO**: The full cash reward due shall be disbursed within 30 days of the completion of the Offering or Private Placement.

The Company's Incentive Program units will be funded and the rewards will be paid in cash upon their due date through the use of the proceeds of the Offering resulting from the sale of 12,274,000 shares, representing 23.95% of the offering shares in accordance with the following: (1) the sale of the Company's entire treasury shares, totaling 8,320,237 shares, representing 5.42% of the Company's shares (and representing approximately 16.2% of the Offer Shares) (for further information about the formation of treasury shares, please refer to Section 4.1 "**Overview**" of this Prospectus), and (2) the sale of 3,953,763 shares, representing 2.58% of the Company's shares (and representing approximately 7.7% of the Offer Shares), by the Current Shareholders on a pro rata basis, as part of the Offer Shares, in accordance with the General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G), the Selling Shareholders, in the aforementioned General Assembly resolution, have approved the proportional waiver of their entitlements to the Offering proceeds resulting from the sale of 3,953,763 shares, representing 2.58% of the Company's shares (and representing approximately 7.7% of the Offer Shares) without consideration, as an initiative from them for the purpose of financing the Company's Incentive Program (in addition to the entitlements resulting from the sale of treasury shares) for the purpose of motivating and rewarding individuals who contributed to the success of the Company and added to its ability to achieve its objectives, specifically through the completion of the Offering. (for further information, please refer to Section 8 "**Use of Offering Proceeds**" of this Prospectus). The implementation of the incentive program, funded by the sale of 8,320,237 treasury shares and the receipt of proceeds from the sale of 3,953,763 shares waived by Current Shareholders, requires the following accounting treatment to be recorded in the financial statements:

1. Statement of Profit and Loss: Recording a one-time, non-recurring accounting charge for the financial year ending 31 December 2025G, reflecting the value owed to the beneficiaries of the incentive program, which is equivalent to the proceeds from the sale of 12,274,000 shares allocated to fund the incentive program.
2. Statement of Financial Position: (a) At the same time as recording the above expense in the statement of profit and loss, a financial liability is recorded within current liabilities reflecting the value owed to the beneficiaries of the incentive program, which is equivalent to the proceeds from the sale of 12,274,000 shares allocated to fund the incentive program, (b) Upon completion of the share sale and receipt of the proceeds, an increase in cash is recorded in current assets equal to the proceeds from the sale of the entire 12,274,000 shares allocated to finance the incentive program. This is offset by the recording of a reserve in shareholders' equity equal to the proceeds from the entire relevant shares. This reserve is used to offset any accumulated losses that may arise from recording the accounting cost of this incentive program, which are reflected in shareholders' equity in the statement of financial position, (c) disbursing cash incentives according to the schedule specified in the Company's Incentive Program (within 30 days, 12 months and 24 months after the completion of the Offering and listing of the Company's shares, respectively) in exchange for settling the financial obligation under the item (Obligations Due to the Program), gradually against a decrease in the corresponding cash.

3. Cash Flow Statement: Cash inflows from the sale of shares related to the Company's Reward and Incentive Program are recorded as part of the Company's financing activities and do not affect operating cash flows. Cash outflows paid to the beneficiaries of the Company's Reward and Incentive Program are recorded during the payment period as part of operating cash flows, as they are related to the entitlements of the Company's employees, Directors and members of Board committees.
4. This net reserve will be eliminated from the financial statements for the period following the financial year ending 31 December 2025G, as its purpose no longer exists.

These are one-time, non-recurring accounting treatments associated with the implementation of the incentive program, which may have a negative impact on the income statement during the financial year ending 31 December 2025G. The significance of these treatments depends on several factors, including the Company's net income for the period and the value of the proceeds from the sale of 12,274,000 shares allocated to finance the incentive program, which is determined based on the Offering Price and are not expected to have any material adverse impact on the statement of financial position, net equity, operating performance, or statement of cash flows.

It is worth mentioning that, pursuant to this Prospectus, units will be granted and vested as of the date of listing of the Company's shares – as one of the vesting cases referred to within the Company's Incentive Program – and vesting will close on the same date, provided that the final closure of the program will take place upon disbursement of all cash rewards to unit holders entitled to rewards (who will be determined as of the listing date) in accordance with the time periods included in the provisions of the Company's Incentive Program as mentioned above, which will not exceed 24 months from the date of completion of the Offering and listing of the Company's shares.

5.10 Accounting Treatment and Financial Impact of Implementing the Company's Reward and Incentive Program

Below are details of the accounting treatment and financial impact of implementing the Company's Reward and Incentive Program, which will take place over three main phases:

Phase 1: As of the date of granting the units of the Company's Reward and Incentive Program (after the CMA's approval of the Offering, the completion of the Offering and before the date of listing of the Company's shares on the Exchange).

- **Accounting Treatment:**
  - Recording a one-time, non-cash, non-recurring accounting expense in the profit and loss statement equivalent to the size of the Company's Incentive Program.
  - Recognizing a financial obligation of the same value as a liability in the statement of financial position.
- **Financial Impact on the Company's Financial Statements:**
  - Profit and loss statement: Decrease in net profit due to the recognition of incentive expense.
  - Balance sheet: Increase in liabilities under the item (the Company's Reward and Incentive Program's accrued obligations) and a decrease in net equity in the balance sheet affected by the (accumulated earnings item) which decreased as a result of recording the expense.
  - Statement of operating flows: No cash impact.
- **The Company's Financial Reports Reflecting This Impact:**
  - According to the proposed Offering schedule, this impact is expected to appear in the financial statements for the first half of 2025G and the annual financial statements for 2025G.

Phase 2, i.e., as of the date of receipt of the proceeds from the sale of the shares (the date of listing of the Company's shares on the Exchange).

- **Accounting Treatment:**
  - Record the net proceeds from the sale of shares related to the Company's Reward and Incentive Program as restricted cash within current assets.
  - Record a reserve allocated to the Company's Reward and Incentive Program within equity at the same value. This reserve is used to offset any accumulated losses that may arise from recording the accounting cost of the Company's Reward and Incentive Program that shall be completely closed at the end of the financial year ending 31 December 2025G.

- **Financial Impact on the Company's Financial Statements:**
  - o Profit and loss statement: No impact and no additional expense is recorded, as the entire cost has been recognized previously.
  - Balance sheet: Increase in cash versus an increase in reserves within shareholders' equity, due to the net proceeds from the sale of shares included in the Company's Reward and Incentive Program.
  - Cash flow statement: This cash flow is recorded within the Company's financing activities and does not affect operating cash flows.
- **The Company's Financial Reports Reflecting this Impact:**
  - According to the proposed Offering schedule, this impact is expected to appear in the financial statements for the first half of 2025G and the annual statements for 2025G.
  - The net reserve allocated for the Company's Reward and Incentive Program will be removed from the financial statements for the period following the financial year ending 31 December 2025G, as its purpose no longer exists.

Phase 3: Disbursement of the benefits of the Company's Reward and Incentive Program according to the schedule (including 30 days, 12 months and 24 months after the completion of the Offering and listing of the Company's shares, respectively) (for further information, please refer to Section 5.9 "**The Company's Reward and Incentive Program**" of this Prospectus).

- **Accounting Treatment:**
  - Settling the financial obligation under the item "Obligations Due to the Company's Reward and Incentive Program" gradually, against the corresponding decrease in cash.
- **Financial Impact on the Company's Financial Statements:**
  - Profit and loss statement: No impact, and no additional expense is recorded, as the cost has been fully recognized previously.
  - Balance sheet:
    - Gradual decrease in financial liability (within 30 days, 12 months and 24 months after the completion of the Offering and listing of the Company's shares, respectively).
    - Corresponding decrease in the restricted cash account.
  - Cash Flow Statement: Cash outflows are recorded within operating cash flows as they are related to employee benefits.

Table 5.42: The Expected Schedule for Disbursement of Dues, and the Company's Financial Reports that Reflect this Impact:

Category	Disbursement Rate of the Related Category's Dues	Timing	The Company's Financial Reports Reflecting This Effect(1)
Directors, Members of Board Committees and the CEO	100%	Within 30 days of listing the Company's shares	Appears in the interim financial statements for the nine-month period ending 30 September 2025G and the audited financial statements for the year ending 31 December 2025G.
Employees of the Company (excluding the CEO)	50%	Within 30 days of listing the Company's shares	Appears in the interim financial statements for the nine-month period ending 30 September 2025G and the audited financial statements for the year ending 31 December 2025G.
	25%	12 months after listing the Company's shares	Appears in the interim financial statements for the six-month period ending 30 June 2026G and the audited financial statements for the year ending 31 December 2026G.
	25%	24 months after listing the Company's shares	Appears in the interim financial statements for the six-month period ending 30 June 2027G, and the audited financial statements for the year ending 31 December 2027G.

(1) In accordance with the proposed timetable for the Offering

Source: Company's information

5.11 Corporate Governance

The Company adopted its Internal Governance Manual pursuant to the Extraordinary General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G), in accordance with Article 91 of the Corporate Governance Regulations. The Internal Governance Manual includes the provisions of the Audit Committee Charter in accordance with Article 51 of the Corporate Governance Regulations, the provisions of the Nomination and Remuneration Committee Charter in accordance with Articles 57 and 61 of the Corporate Governance Regulations, the provisions of the Executive Committee Charter, and the provisions of the Conflict of Interest Policy in accordance with Article 41 of the Corporate Governance Regulations. The Company also adopted its Compensation and Remuneration Policy pursuant to the General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G), in accordance with Article 58(1) of the Corporate Governance Regulations, and its regulations with respect to the Board of Directors membership policy, criteria and procedures pursuant to the General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G), in accordance with Article 21(3) of the Corporate Governance Regulations.

The Company's Internal Governance Manual includes provisions relating to:

- Shareholders' rights, in accordance with Articles 4 to 9 of Part 2 of the Corporate Governance Regulations.
- Rights related to General Assembly meetings in accordance with Article 10 to Article 15 of Chapter 2, Part 2 of the Corporate Governance Regulations.
- The Board of Directors, its formation, competencies and working procedures, in accordance with Article 16 to Article 36 of Part 3 of the Corporate Governance Regulations.
- Executive Management and its powers and responsibilities, in accordance with Article 25 of the Corporate Governance Regulations.
- The Company's Committees, and membership and meetings thereof, in accordance with Article 46 to Article 66 of Part 4 of the Corporate Governance Regulations.

The Company is compliant with the mandatory governance requirements applicable to joint stock public companies listed on the Exchange, except for certain provisions that are only applicable to listed companies, given that the Company's shares have not yet been listed on the Exchange. These are as follows:

- Article 8(a) which stipulates that, upon calling for the General Assembly, the Company shall announce on the Exchange's website information regarding the nominees for membership of the Board.
- Article 8(b) related to the restriction of voting in the General Assembly to the Board nominees whose information has been announced as per Article 8(a).
- Article 13(d) related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Article 14(c) related to making the information on the items of the General Assembly available through the websites of the Exchange and the Company.
- Article 15(d) regarding providing the CMA with a copy of the minutes of the General Assembly meeting.
- Article 15(e) related to disclosing to the public, the CMA and the Exchange the results of General Assembly meetings immediately upon conclusion thereof through the websites of the Exchange and the Company.
- Article 17(d) which stipulates that the Company shall notify CMA of the Directors' names, membership descriptions and any changes that may affect their membership.
- Article 65 which stipulates that the Company shall publish the nomination announcement for membership of the Board of Directors on the websites of the Company and the Exchange to invite persons wishing to be nominated for membership on the Board.
- Article 86, Article 87, Article 88(b), Article 89, and Article 90 relating to disclosure policies and procedures.

5.12 Conflicts of Interest and Competition

Neither the Company's Bylaws nor any of its internal regulations and policies grant any powers which enable a Director to vote on a contract or offer in which they have a direct or indirect material interest pursuant to Article 27 of the Companies Law, which stipulates that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the approval of the General Assembly.

Pursuant to the text of the aforementioned Article, Directors must inform the Board of any personal interests they have in the transactions and contracts entered into on behalf of the Company. The Board of Directors shall disclose to the General Assembly, when it is convened, transactions and contracts in which any of the Directors has a personal interest, provided that such disclosure is supported with a special report from the auditor. Said disclosure shall be recorded in the Board's meeting minutes. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare they will:

- Comply with Articles 27 and 71 of the Companies Law, and Articles 42, 43 and 44 of the Corporate Governance Regulations.
- Refrain from voting at General Assembly meetings on any Related Party contracts in which the Directors have an indirect interest.
- Refrain from engaging in business that competes with the Company's business, and that they will ensure all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.

5.13 Employee Shares

None of the Company's employees own shares in the Company, except for the shares mentioned in Table 5.39: **Direct and Indirect Ownership Percentages of the Directors and Members of the Executive Management in the Company Pre- and Post-Offering**. There are no other arrangements involving employees in the Company's capital.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6. Management's Discussion and Analysis of Financial Condition and Results of Operations

6.1 Introduction

This section, "Management's Discussion and Analysis of the Company's Financial Position and Operational Results," analyzes the Company's operational performance and financial position for the financial years ended December 31, 2021G, December 31, 2022G, and December 31, 2023G. This section should be read coupled with the information in the "Summary of Financial Information" section on page (FF) of the disclosure.

In accordance with IFRS as endorsed in KSA and other standards and pronouncements endorsed by SOCPA, the Company's financial statements for the financial years ended December 31, 2021G, December 31, 2022G, and December 31, 2023G (hereinafter referred to as the "**Annual Financial Statements**") have been prepared in accordance with the applicable requirements of the Companies Law and the Company's Bylaws. Additionally, the unaudited condensed interim financial information for the nine-months period ended September 30, 2024G, along with the accompanying notes, has been prepared in accordance with (IAS) 34, "**Interim Financial Reporting**," as endorsed in the Kingdom (hereinafter referred to as the "**Interim Financial Information**").

The financial statements for the financial years ended December 31, 2021G, December 31, 2022G, and December 31, 2023G were audited, while the unaudited condensed interim financial information for the nine-months period ended September 30, 2024, has been reviewed by PricewaterhouseCoopers Public Accountants.

As of the date of this prospectus, PricewaterhouseCoopers Public Accountants provided their written consent to be mentioned in this prospectus as the Company's Independent Auditor for the years ended December 31, 2021G, 2022G, and 2023G. They have not withdrawn their consent as of the prospectus's issuance date.

Please note that the statistics shown in the tables in this section are in Saudi Riyals unless otherwise specified. Percentages are rounded to the nearest decimal. As a result, calculating the percentage increase/decrease using the figures in the tables (defined in thousands) may not accurately match the percentages shown in the tables. Furthermore, for the Management's Discussion and Analysis of the Financial Position and Operational Results section, the Company's financial information for the year ended December 31, 2021G, was derived from the 2021G Financial Statements, with the exception of the restated financial information in the 2022G Financial Statements, which was derived from the restated comparative information included in the 2022G Financial Statements. The financial information for the year ended December 31, 2022G, was extracted from the 2022G Financial Statements, with the exception of the reclassified financial information in the 2023G Financial Statements, which was derived from the reclassified comparative information in the 2023G Financial Statements. On the other hand, the Company's financial information for the year ended December 31, 2023G, has been derived from the 2023G Financial Statements. The Company's financial information for the nine-months periods ended September 30, 2024, and September 30, 2023G, was extracted from the Interim Financial Information.

In addition, some financial information for these years has been retrieved from management records, if appropriate. Unless otherwise specified, no modifications have been made to this information.

The aforementioned financial statements are an integral component of this prospectus and should be read in addition to them. These financial statements are contained in Section 20, "**Financial Statements and Independent Auditor's Report**" of this prospectus.

This section may contain forward-looking statements about the company's future expectations based on management's current plans and projections for the company's growth, operational results, and financial condition. These statements are subject to risks and uncertainties, and actual results may differ materially from those explicitly or implicitly expressed in these forward-looking statements as a result of various factors and future events, including those discussed below and elsewhere in this prospectus, particularly in the "**Risk Factors**" section 2.

6.2 Declarations of the Board of Directors Regarding Financial Information

The company Board of Directors hereby declare the following:

- The Board members acknowledge that the financial data in this section was extracted without making any significant changes, and that it is presented in a manner that is consistent with the financial statements for the financial years 2021G, 2022G, and 2023G, and the nine-months period ended 30 September 2024G, as well as the accompanying notes, which were prepared in compliance with other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants as well as the International Financial Reporting Standards (IFRS) as they were adopted in the Kingdom of Saudi Arabia.
- There has been no disruption in the company's operations that might or has significantly impacted the financial position within the last 12 months of the date of this prospectus.
- The company has not granted any commissions, discounts, brokerage fees, or other non-cash compensation to any member of the Board of Directors, senior managers, or experts in connection with the issuance or offering of any securities during the three years immediately preceding the date of the application for registration and the offering of securities covered by this prospectus.
- The financial and commercial position of the company has not undergone any material adverse change in the three years immediately preceding the date of the application for registration and the offering of securities covered by this prospectus, as well as the period covered by the auditor's report up to the approval of this prospectus.
- Board members declare that the company has no loans or other debt, including bank overdrafts. They also state that there are no guarantee obligations (including personal guarantees, non-personal guarantees, secured or unsecured guarantees), acceptance obligations, acceptance credits, or lease purchase obligations other than those described in this section and Section 13, "**Legal Information**" of this prospectus.
- The Board members confirm that, to the best of their knowledge, there are no mortgages, liens, or encumbrances or charges on the company's properties as of the date of this prospectus, unless otherwise stated in this section, Section 13, "**Legal Information**," and other sections of this prospectus.
- The Board members declare that the company does not own any properties, including contractual securities or other assets whose values are subject to significant fluctuations or are difficult to determine, that could materially affect the financial position, except as stated in Sections 6, "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and 13, "**Legal Information**" of this prospectus.
- Except as mentioned in this prospectus, the Board members and their relatives have no shares or interests of any kind in the company.
- The Board members confirm that the company has sufficient working capital for at least 12 months following the date of this prospectus.
- The Board members confirm that there are no shares under option as of the date of this prospectus.
- The Board members confirm that the company does not intend to make any significant changes to its activities in the future.
- The Board members confirm that all material facts about the company and its financial performance have been disclosed in this prospectus, and that there are no further facts that would render any statement here misleading if omitted.
- Except as stated in section 6.10 "**Contingent and Potential Liabilities**" of this prospectus, the Board members acknowledge that the company has no potential obligations or guarantees as of the date of this bulletin.
- The Board members confirm that the company's and its subsidiaries' operations have not ceased in a way that has had or will be a substantial impact on its financial position over the past twelve months.
- The Board members confirm that in this area, the company has supplied thorough information regarding all fixed assets and investments, including contractual securities and other assets with fluctuating or difficult-to-estimate values.
- Except as described in section 2 "**Risk Factors**" and section 6.5 "**Main Factors affecting the Company's Operating Results**" of this prospectus, the company is not aware of any seasonal factors or economic cycles relating to its activities that may affect its business or financial situation.

- Except as stated in sections 2 "**Risk Factors**" and 6.5 "**Main Factors affecting the Company's Operating Results**" of this prospectus, the company has no knowledge of any government, economic, financial, monetary, or political policies, or other factors that have or may significantly (directly or indirectly) affect its operations.
- The Board members confirm that there were no reservations in the auditor's report on the issuer's financial statements for any of the three financial years prior to the date of filing the registration and offering of the securities covered by this prospectus
- The Board members recognize that no significant structural changes occurred in the issuer during the financial year immediately before the date of filing the registration and offering of the securities described in this prospectus.
- The Board members confirm that the issuer's accounting policies have not changed significantly in the three financial years preceding the date of filing the registration and offering of the securities covered by this prospectus, except as noted in section 6.4 "**Significant Accounting Policies**".

6.3 Overview of the Company

Nas Aviation Company (the "Company") was established in the Kingdom of Saudi Arabia under commercial registration number 8314920101, issued on 12 Ramadan 1431H (corresponding to August 31, 2010G). The company owns the following branches:

No.	Commercial Registration	Branch Type	Location
1	1028920304	Domestic	Jeddah
2	9022011304	Domestic	Mecca
3	1573800564	Domestic	Al Madinah
4	98987	International	Egypt
5	986209	International	Turkey
6	61/00-0299990C81	International	Algeria
7	07071	International	Morocco

Source: The Annual Financial Statements

The company is licensed to buy, sell, and lease aircraft, as well as provide air transportation services for passengers and cargo. In addition, the company operates, manages, and maintains airplanes, as well as engage in other tourist and travel-related services. The company provides air transportation services under an operator's certificate awarded to the parent company by the Kingdom of Saudi Arabia's General Authority of Civil Aviation.

6.4 Material accounting policies

6.4.1 Basis of preparation

6.4.1.1 Going concern

Since 2021G onwards, the company has achieved annual profits in addition to positive cash flows generated from operating activities during these years. The company also has Murabaha facilities amounting to SAR 2.25 billion, of which SAR 1.4 billion remains undrawn. Additionally, after the end of the year, the parent company's shareholders issued a resolution to support the company's going concern for the next 12 months from the date of signing the financial statements.

Based on these considerations, the Board of Directors is strongly convinced that the company has sufficient resources to continue operating in the foreseeable future. Accordingly, the accompanying financial statements have been prepared on a going concern basis.

It should be noted that, as of December 31, 2023G, the company had accumulated losses amounting to SAR 308.3 million, while the net current liabilities stood at SAR 1,241 million. These events or conditions, along with operational challenges and market uncertainties related to the aviation industry, may cast significant doubt on the company's ability to continue as a going concern. However, it is worth mentioning that since 2021G, the company has generated positive operating cash flows during the relevant years.

The company has developed a business plan for the next four years, which is expected to have a positive impact on its margins and profitability, primarily due to fleet expansion and the introduction of new routes. The company's Board of Directors has reviewed the latest financial forecasts for the 12 months following the date of signing the 2023G financial statements, including financing plans for future aircraft deliveries due within this period that are currently unfunded, while considering the committed financing for the available aircraft.

6.4.1.2 Historical cost convention

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated.

6.4.1.3 Basis of measurement

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

6.4.2 Summary of significant accounting policies

6.4.2.1 Classification of assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

6.4.2.2 Equipment and fixtures

Equipment and fixtures including those related to aircraft are stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets, subsequent costs incurred for replacing parts of aircraft equipment, and capitalized borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Pre-delivery payments for the purchase of planes are generally not qualifying assets as it typically takes less than a year for the manufacturer to construct a narrow-body airplane.

Subsequent costs incurred which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of equipment and fixtures.

All repair and maintenance costs are recognized in the statement of profit or loss as incurred except for heavy maintenance expenditures carried out on certain leased and owned assets.

Heavy maintenance costs incurred on owned assets which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation is started when the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of its useful life or the lease term. The useful life of the assets are disclosed below:

- **Aircraft equipment:** 3 to 20 years.
- **Modifications to leased aircraft and improvements to leased property:** 3 to 5 years or the lease term, whichever is shorter.
- **Furniture and fixtures:** 3 to 4 years or the lease term, whichever is shorter.

An item of equipment and fixtures is tested for impairment if any indicator is identified.

An item of equipment and fixtures is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of aircraft related equipment and fixtures are reviewed at each reporting period end and adjusted prospectively, if appropriate.

Capital work in progress (CWIP) is not depreciated and is stated at cost less accumulated impairment losses, if any.

These assets are transferred to aircraft related equipment and fixtures as and when assets are available for intended use. CWIP also includes pre-delivery payments ("PDPs") which are paid by the Company to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified under CWIP in the statement of financial position. PDPs, when paid, are recorded at historical exchange rates at the date of payment. In instances, where the Company enters in a sale and leaseback arrangements on the date of delivery for any new purchased aircraft with the lessors, any PDPs paid by the Company are refunded back to the Company by the aircraft manufacturer.

From time to time, the Company receives certain credits from manufacturers in connection with the acquisition of aircraft and engines, as compensation for disruption or due to other reasons. Such credits are typically recorded as a reduction to the cost of the related (or future) aircraft and engines.

6.4.2.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of 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 indefinite useful lives are not amortized, but are tested for impairment either annually or whenever there is an indication that the intangible asset may be impaired, individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

6.4.2.4 Financial instruments

A. Financial assets

Classification

The financial assets of the Company comprise of trade receivables, deposits of aircraft, cash and cash equivalents, bank deposits and other receivables. The company classifies its financial assets as those to be measured at amortized costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantiallyall the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss "FVTPL" are expensed in the statement of profit or loss.

Subsequent measurement of the financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in the statement of profit or loss. Impairment losses are presented as separate line items in the statement of profit or loss. The Company subsequently measures all its financial assets at amortized costs.

Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortized cost.

The Company's trade receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 750 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

The Company applies the general model to measure the credit losses on financial assets other than trade receivables. The identified credit loss from these financial assets are not material.

B. Financial liabilities

Initial recognition

Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurements

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

C. Offsetting of financial instruments

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

6.4.2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

6.4.2.6 Deposits for Aircraft

Deposits for aircraft represent interest free security deposits placed with the leasing companies to secure the obligations of the leased aircraft. The deposits are initially measured at fair value and subsequently carried at amortized costs using the effective interest rate method less any allowance for impairment. Fair value of these deposits has been discounted based on an effective interest rate method.

6.4.2.7 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

6.4.2.8 Stores and spares

Stores and spares consist of consumable items which are not repairable and are consumed by the Company within the ordinary course of its business. Stores and spares are valued at the lower of cost and net realizable value. Cost comprise of invoice prices and related expenses incurred up to the statement of financial position date. Net realizablevalue consists of the estimated selling price during the normal course of business, net of any other cost required to complete the sale.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

6.4.2.9 Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand, bank balances and time deposits with original maturities of three months or less. Time deposits with maturities of more than three months but less than one year are classified as bank deposits.

6.4.2.10 Employees' benefits

Short-term employee benefits

Short-term employee benefits i.e. wages and salaries including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' end of service benefits

Employees' end of service benefits ("EOSB") are provided for in accordance with the requirements of the Saudi Arabian Labor Law for their period of service with the Company. The provision relating to end of service benefits is disclosed as a non-current liability in the statement of financial position and is calculated by an independent actuary using the Projected Unit Credit Cost method as per IAS 19 'Employee Benefits'. The defined benefit obligation plan is unfunded.

The present value of the defined benefit obligations calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. As KSA does not have a deep corporate bonds market, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows denominated in the currency in which the benefits will be paid. Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation.

This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of other comprehensive income.

6.4.2.11 Impairment of non-financial assets

The Company, at each reporting period, reviews its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

6.4.2.12 Revenue recognition

The Company revenue consists of three types of revenue streams: Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty collected on behalf of third parties.

Flynas LCC

Flynas LCC revenue relates to the main operation of passenger commercial flights. The ticket price consists of the base fare and charges for other ancillary services. The revenue is measured based on the consideration specified in the contract (i.e ticket) with a customer and excludes amounts collected on behalf of third parties. Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Ancillary Services.

Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee). These services are provided along with the normal transportation service as an integrated service. The customer can not benefit from the individual service on its own or together with other resources readily available and the customer could not purchase only some of the services while omitting others. Hence, these services are considered to be a single performance obligation.

The Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). The revenue from the services are recognized at a point in time when the service is provided to the customer. This is when customers have accepted to board the flight for each journey and all other flight conditions are fulfilled.

Payments for the tickets are usually received upon booking for individual passengers and on extended credit terms for certain other channels of distribution. Performance obligations are generally satisfied subsequent to payment being received, resulting in contract liability being recorded in the statement of financial position. Amounts received in advance of fulfilling the performance obligation on a flight journey are recognized as contract liability until the service is provided. Any unused tickets are recognized as revenue on a no-show basis. In certain rare circumstances, such as major flight cancellations, the passengers' tickets are extended and can be utilized by the passengers within 1 year from the date of issuance of the ticket.

Further, in case of any changes from the customer on the tickets issued, the Company issues a travel voucher to the passengers. The Company records a liability for any travel vouchers issued by reversing the contract liability recorded on unused tickets and presenting this as a contract liability from travel vouchers in the statement of financial position.

The liability is reversed upon the utilization of such travel vouchers and the revenue is recorded by the Company. All travel vouchers have an expiration date of 1 year from the date of issuance.

The management does not recognize any breakage revenue on unused tickets or travel vouchers issued as the impact is not material.

Loyalty program (Nas miles)

The Company operates a frequent flyer programme that provides loyalty points to programme members based on a mileage credit for flights with the Company and the tier status of each member. The Nas miles have a validity of one year from the month they are earned and these loyalty points can only be utilized to book flights in the future.

The Company accounts for Nas miles points as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Nas miles points based on their fair value and is accounted for as 'Customer loyalty points" within contract liability. The fair value is determined using estimation techniques that take into account the fair value of Nas miles points for which miles could be redeemed.

Revenue is recognized in the statement of profit or loss only when the Company fulfills its obligation by supplying Flynas LCC revenue services on the redemption of the miles accrued.

Flynas Hajj & Umrah

Special flights for Hajj Season

A part of Flynas Hajj & Umrah revenue relates to the revenue from the operation of special flights for Hajj under the service level agreement with the governments or the authorized agencies of such governments for transportation of passengers ('Pilgrims') during the Hajj season. The revenue is measured based on the consideration specified in the service level agreements and excludes amounts collected on behalf of third parties.

The revenue is recognized as the contracted flights occur as per the service level agreements. Typically, the payment for such services are received in advance and the duration of services provided is not more than two months coinciding with the Hajj Season. As such there is no significant financing component in these arrangements.

Hajj Facilitation services during Hajj Season

An element of Flynas Hajj & Umrah revenue also includes Hajj facilitation services provided by the Company as part of Hajj Season for international Pilgrims under an agreement with the Government of Saudi Arabia. The service represents operating flights as a principal and arranging hotel accommodation. The revenue is recognised as the services are provided as per the service level agreement. The duration of these services is commensurate with duration of special flights flown during Hajj season.

A receivable is recognised when the service has been provided by the Company as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms with the Government are based on commercially agreeable terms.

Flynas General Aviation

The Flynas General Aviation revenue includes the revenue earned from the provision of charter flights and aviation services to parties under the contract. The charter flight services includes provision of transportation services for a particular volume of air travel over a particular period of time and other related services (such as provision of crew, maintenance of aircraft and other ancillary services) that are considered an integral part of air travel and are not distinct performance obligations. The revenue is measured based on the consideration specified in the contract with the customers and excludes amounts collected on behalf of third parties. The contracts are based on the number of trips or flying hours. Revenue from providing these services is recognised over time as the performance obligation relating to the contracts are fulfilled. The customers are invoiced on a monthly basis and the payment terms for the customer are in accordance with each contract with the customer.

Principal vs agent

The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the good or service.

The Company has concluded that it acts as a principal in all the aforementioned revenue arrangements because it controls the services before transferring them to the customers. For the below revenue arrangements, the Company acts as an agent:

A. The Company under codeshare arrangements:

The Company acts as an agent where it sells air transport tickets under codeshare arrangements for passengers to fly on a codeshare partners aircraft. The Company does not have inventory risk and is not primarily responsible for operating the codeshare partner's flight. In these cases, the Company acts as an agent and recognizes the net margin which is the predefined rate per mile flown.

B. The Company's partnership with hotels, car rental companies, and other travel related services:

The Company has partnership agreements with hotels, car rental companies, duty free shops, insurance companies and other travel related services. In all of these agreements, the Company is not primarily responsible to fulfill customer requirements and does not control any of the goods or services. The Company earns a commission income and recognizes that as the related performance obligations are fulfilled.

The net margin from these arrangements is included within Flynas LCC services.

6.4.2.13 Contract liabilities

Contract liabilities mainly represents unutilized tickets, customer loyalty points on miles earned from the frequent flyer program and deposit from customers.

6.4.2.14 Leases

General Lease Accounting

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset (redelivery cost), less any lease incentives received. Redelivery cost (return condition) represents the estimate of the cost to meet the contractual lease end obligations of the aircraft at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation is recognised and capitalized as part of the right-of-use asset.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Flynas acquires the right to use aircraft and related assets which are manufactured as per bespoke specifications and design, and are delivered mainly through sale and leaseback arrangements.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- The costs of restoring or dismantling assets.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. These typically relate to wet lease arrangements with third parties that have a lease duration of not more than six-months in connection with the facilitation of Hajj and Umrah operations.

Sale and leaseback transactions:

The Company regularly enters into sale and leaseback transactions. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right-of-use asset and lease liability is recognized. The right-of-use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within aircraft related equipment and fixtures, and a liability is recognized equal to the financing proceeds.

Heavy maintenance accounting:

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components (in case of aircraft engines these essentially relate to replacement of limited life parts and engine performance restoration and other aircraft components such as landing gear and auxiliary power units, etc) during the lease term and to return the aircraft to the lessor in a specified condition at the end of the lease term (return conditions).

The Company has an obligation to return the leased aircraft and their components according to redelivery conditions specified in the lease agreements. If the condition of the aircraft and its components, at the time of redelivery, differs from the agreed redelivery condition, the Company needs to maintain the aircraft and its components so that it meets the agreed conditions or alternatively the lessor may accept compensation for the expense it may incur to restore the aircraft and its components.

At the lease commencement date, the present value of the expected cost of the restoration that the Company is contractually obligated to incur is recognised and capitalized as part of the right-of-use asset and depreciated over the lease term. The expected costs of restoration that is capitalized as part of the right-of-use asset is the minimum unavoidable costs that the Company is contractually obligated to incur which is essentially triggered when the aircraft has carried out its first flight. The corresponding liability is recorded within "Aircraft related Provisions". The liabilities are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

In addition, the Company follows a componentize and depreciate model for its major components (such as engine life limited parts, engine performance restoration, landing gear, auxiliary power units, aircraft related checks, etc). At the inception of the lease, the cost of these significant components are recognised as a separate component in 'Maintenance assets and redelivery cost' within the right-of-use assets and depreciated over its useful economic life at which point the existing components are replaced and the cost of the new component is capitalized.

All other regular maintenance (non-heavy maintenance) are expensed as incurred in the statement of profit or loss.

6.4.2.15 Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit or loss over the period of the loans using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

6.4.2.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months after the reporting period.

6.4.2.17 Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

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

An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company, to assess whether provision is required.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

6.4.2.18 Zakat

National Air Services - NAS Holding (the Parent Company) files zakat returns on a consolidated basis. Accordingly, the Company's zakat charge is initially estimated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company. Provision for zakat for the Company, if any, is charged to the statement of profit or loss and any amount payable is paid by the Company directly to ZATCA. Additional amounts payable, if any, at the finalization of final assessments at the Parent Company level are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in KSA as required under Saudi Arabian Income Tax Law.

6.4.2.19 Statutory reserve

The By-laws of the Company requires to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital.

6.4.2.20 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the financial statements date. All differences are recognized in the statement of profit or loss.

Operating profit /loss

Operating profit / loss is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit /loss excludes finance costs, finance income and other non-operating expenses.

6.4.2.21 Routine maintenance and repairs

Maintenance and repair costs for leased aircraft are charged to maintenance and other aircraft costs as incurred, with the exception of maintenance and repair costs related to heavy maintenance expenditures and return conditions on aircraft under lease.

6.4.2.22 Selling and marketing, general and administrative expenses

Selling and marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of providing services and selling and marketing, general and administrative expenses, when required, are made on a consistent basis.

6.4.2.23 Interest income or expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in the statement of profit or loss.

6.4.2.24 Government grants

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

6.4.2.25 Segmental Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's relevant business heads (Chief Operating Decision Makers "CODM") which in the Company's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's CODM include three operating segments, being its Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Segment results that are reported to the Company's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The CODM assesses the performance of the business based on the three operational segments and the resource allocation decisions are based on their performance for the relevant period, with the objective in making these resource allocation decisions being to optimize financial results.

6.4.2.26 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

6.5 Main Factors Affecting the Company's Operating Results

The following discusses key factors that have affected or are expected to affect Flynas's financial condition and operating results. These factors are based on current management information and may not cover all relevant aspects of the company's current or future results. For more details, refer to the "**Important Notice**" on page (i) and section 2, "**Risk Factors**" of this prospectus.

6.5.1 Jet Fuel Prices

Jet fuel is a significant variable cost that has a substantial impact on Flynas's operating results, which is expected to continue in the future.

External factors, such as economic and political environment, changes in supply and demand for oil and related products contribute to making fuel prices highly volatile, directly affecting Flynas's financial performance.

It should be noted that jet fuel costs increased by 185.2%, from SAR 502.3 million in 2021G to SAR 1,432.5 million in 2022G, and by an additional 12.0% to SAR 1,604.7 million in 2023G. This continuous rise was mainly due to the increased number of flights.

6.5.2 Seasonal Fluctuations

Flynas's operating results vary quarterly and are expected to continue doing so. Seasonality is driven mainly by holidays, official vacations, and Hajj and Umrah seasons, which follow the Islamic calendar and annual academic calendar changes. Recently, the impact of seasonality has diminished as travel demand has grown year-round. Ticket prices also tend to rise during peak periods.

6.5.3 Competition

The aviation industry is highly competitive, with key factors including ticket prices, flight routes, geographical coverage, aircraft type, additional passenger services, flight schedules, safety and reputation, frequent flyer programs, and codeshare agreements. Flynas uses competitive low prices and other marketing promotions to boost traffic, especially during off-peak periods, to generate cash flow and increase revenue. This strategy aims to achieve the highest possible seat occupancy rate, enabling the company to maintain and grow its market share.

6.5.4 Ancillary Revenue

To offer competitive ticket prices, Flynas breaks down its flight services into different segments and provides various additional services for extra fees. Ancillary revenue is essential for Flynas, as it typically incurs low marginal costs, resulting in high profit margins.

6.5.5 Outbreak of Infectious Diseases

In general, the outbreak of infectious diseases, similar public health threats, or fear of such events can impact the company's business, financial condition, operating results, and future prospects.

A new type of coronavirus (COVID-19) was discovered in Wuhan, Hubei Province, China, in December 2019G. The disease spread globally, prompting many countries, including the Kingdom, to implement measures to limit the virus's spread, such as travel bans, curfews, and mandatory quarantine for arrivals. The COVID-19 pandemic significantly impacted the company's performance and revenue between 2020G and 2021G. The end of the pandemic and the lifting of restrictions have notably revitalized the aviation sector, positively affecting the company's revenue, operations, and financial performance.

6.5.6 Risks Associated with Bank Financing

The company regularly obtains loans from commercial banks to support working capital requirements (and overall business needs). While these loans provide necessary financial resources, the agreements often come with contractual terms that limit the company's ability and freedom to manage business-related events. These terms include financial and non-financial obligations and high value guarantees that the borrower must adhere to. Failure to comply with these agreements can accelerate debt repayment, requiring the company to constantly adhere to these terms, which may limit its ability and flexibility in executing business plans.

In 2022G, the company signed a master Murabaha agreement ("the loan") with a group of banks through a co-agent for SAR 2.3 billion. The first withdrawal request for SAR 843.75 million was completed in 2022G (16 February 2022G).

The company also obtained several loans from the Saudi Industrial Development Fund, including a SAR 300.0 million loan in 2020G (15 September 2020G) (which has been repaid in February 2024G) and a SAR 164.5 million loan in 2022G (27 October 2022G). These loans include financial obligations, such as restrictions on dividend distributions and the use of the loan for its intended purposes. The company has complied with all its terms as of December 31, 2023G.

6.6 Key Performance Indicators

The following table shows the company's key performance indicators for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.1: Key Performance Indicators

	Financial Year 2021G	Financial Year 2022G	Financial Year 2023G
Key Financial Performance Indicators			
Revenue growth rate	177.4%	79.9%	32.3%
G&A expenses as a percentage of Revenue	4.1%	2.5%	1.8%
Return on assets (1)	0.3%	2.0%	3.6%
Return on equity (2)	2.9%	22.7%	38.9%
Total liabilities to total assets (3)	0.9	0.9	0.9
Liabilities to equity ratio (4)	10.0	10.5	9.5
Total assets to total shareholders' equity (5)	11.0	11.5	10.5
Current ratio (6)	0.2	0.5	0.6
EBITDA (7)	736.7	1,096.20	1,659.70
EBITDA margin (8)	27.6%	22.8%	26.1%
Revenue growth (9)	-	79.9%	32.3%
Gross profit margin (%) (10)	10.4%	12.4%	14.2%
Operating profit margin (%) (11)	0.7%	9.2%	13.7%
Net profit margin (%) (12)	0.7%	3.6%	6.3%
Current assets / current liabilities	0.2	0.5	0.6
Key Technical and Other Performance Indicators			
Average Aircraft Available for Commercial Use (Number)	26	34	43
Average Fleet Size (Number)	36	39	53
No. of Flights (number)	45,681	66,241	78,321
No. of passengers (in '000)	4,555	8,702	11,171
Flying Hours (number)	73,897	121,030	152,959
Capacity (in '000)	7,769	11,340	13,864

	Financial Year 2021G	Financial Year 2022G	Financial Year 2023G
Average Seats Capacity / Flight (Number)	170	172	179
Load factor (%)	59.0%	75.2%	79.5%
RASK (halala)	26	27	26
CASK (halala)	25	26	24

(1) Return on assets = profit for the year or period / average total assets

(2) Return on equity = profit for the year or period/ average net equity

(3) Total Liabilities to Total Assets = Total Liabilities / Total Assets

(4) Liabilities-to-equity ratio = total liabilities / net equity

(5) Total Assets to Total Equity = Total Assets / Total Shareholders' Equity

(6) Current Ratio = Current Assets / Current Liabilities

(7) Earnings Before Interest, Taxes, Depreciation, and Amortization (commonly abbreviated as EBITDA), is an accounting metric for companies which is defined as the profit for the year/period before deducting interest expense, taxes, depreciation and amortization. Hence, it is an indicator of the Company's operating profitability.

(8) EBITDA margin = Profit for the year/period before deducting interest expense, taxes, depreciation and amortization / revenue

(9) Revenue growth rate = (current year/period revenue - prior year/period revenue) / prior year or period revenue * 100

(10) Gross Profit Margin = Gross Profit / Revenue

(11) Operating Profit Margin = Operating Profit / Revenue

(12) Net profit margin = profit for the year or period / revenue

Source: The Annual Financial Statements and Management Information

6.7 Statement of Profit or Loss and Other Comprehensive Income

The following table shows the company's statement of profit or loss and other comprehensive income for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.2: Income Statement

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Revenue	2,673.4	4,809.4	6,362.2	79.9%	32.3%	54.3%
Cost of Revenue	**(2,395.7)**	**(4,213.1)**	**(5,456.4)**	**75.9%**	**29.5%**	**50.9%**
Gross Profit	277.7	596.2	905.8	114.7%	51.9%	80.6%
Selling and Marketing Expenses	(103.2)	(157.2)	(196.7)	52.3%	25.2%	38.1%
General and Administrative Expenses	(110.1)	(121.0)	(114.9)	9.9%	(5.1%)	2.1%
Provision for Expected Credit Losses	(42.8)	(8.4)	(0.0)	(80.5%)	(99.8%)	(98.1%)
Gain on Sale of Equipment and Fixtures and Termination of Leases	130.7	135.5	283.2	3.7%	108.9%	47.2%
Net Foreign Exchange Loss	(0.8)	(2.7)	(8.3)	243.3%	209.0%	225.7%
Other Income	36.8	-	-	(100.0%)	-	(100.0%)
Operating Profit	**188.4**	**442.5**	**869.0**	**134.9%**	**96.4%**	**114.8%**
Finance Income	0.1	12.9	51.9	14,685.9%	303.0%	N/A
Finance Cost	(167.8)	(277.7)	(503.0)	65.6%	81.1%	73.2%
Profit before Zakat	20.7	177.7	417.9	757.3%	135.2%	349.0%
Zakat Expense	(0.9)	(5.9)	(16.5)	576.5%	180.5%	335.6%
Profit for the Year	**19.9**	**171.8**	**401.3**	**765.2%**	**133.7%**	**349.6%**

Source: The Annual Financial Statements and Management Information

Revenue

The company's revenue is primarily derived from its organized flights, which are divided into three categories: low-cost aviation, Hajj and Umrah flights, and general aviation. Total revenue grew by 79.9%, from SAR 2,673.4 million in 2021G to SAR 4,809.4 million in 2022G, due to improved revenue in most business sectors. This revenue increase was driven by the company's expansion following the COVID-19 pandemic, the lifting of travel and pilgrimage restrictions, and the introduction of additional destinations and routes. Additionally, the increase in revenue was attributed to the gradual return of Hajj operations following the pandemic.

Revenue continued to rise by 32.3% from SAR 4,809.4 million to SAR 6,362.2 million between 2022G and 2023G. This additional increase was primarily due to increased flight activity and the company's expansion into new markets during this period, resulting in a notable 28.4% increase in passenger numbers. The return of Hajj operations to normal levels following the COVID-19 pandemic also contributed to the revenue boost.

Cost of Revenue

The cost of revenue is mostly comprised of aircraft operational costs, including fuel, landing fees, handling and in-flight services, and salaries. These items made up 63.7%, 69.1%, and 65.3% of total revenue costs in 2021G, 2022G, and 2023G, respectively. The cost of revenue increased by 75.9%, from SAR 2,395.7 million in 2021G to SAR 4,213.1 million in 2022G. This increase indicated increasing costs in line with revenue growth, which was fueled by rising variable costs, business expansion, and increased flights and passengers. Furthermore, the company leased additional aircraft to accommodate growing business volume and seasonal Hajj flights, resulting in higher rental and depreciation costs. The cost of revenue increased by 29.5% between 2022G and 2023G, from SAR 4,213.1 million to SAR 5,456.4 million, due to significantly higher rental and depreciation costs, driven by additional aircraft leases to meet increased flight frequency and the return of Hajj to normal levels in 2023G compared to 2022G.

Gross Profit

Between 2021G and 2022G, gross profit increased by 114.7%, from SAR 277.7 million to SAR 596.2 million, reflecting the growth in revenue. The gross profit margin also increased from 10.4% to 12.4%, indicating stronger financial performance. Gross profit increased by 51.9% from SAR 596.2 million in 2022G to SAR 905.8 million in 2023G, roughly matching revenue growth throughout this period. The gross profit margin increased from 12.4% to 14.2%, indicating improved operational performance. Notably, the 32.3% increase in income from 2022G to 2023G exceeded the 29.5% increase in revenue costs during the same period.

Selling and Marketing Expenses

Selling and marketing expenses mainly included salaries and related expenses, business development and promotion expenses, as well as collection fees and customer service expenses. These items accounted for 93.0%, 92.1%, and 92.9% of total selling and marketing expenses in 2021G, 2022G, and 2023G, respectively. Between 2021G and 2022G, selling and marketing expenses increased by 52.3%, going from SAR 103.2 million to SAR 157.2 million. Although the increase covered a several items, business development and marketing expenses increased the most as a result of business expansion and marketing campaigns. Between 2022G and 2023G, selling and marketing expenses continued to rise by 25.2% from SAR 157.2 million to SAR 196.7 million, primarily driven by ongoing increases in business development and marketing expenses to support revenue and business growth. Furthermore, the increase in collection fees for bank payments and credit cards, which resulted from the higher number of transactions as the business expanded, contributed to the total increase in selling and marketing costs.

General and Administrative Expenses

Salaries and related expenses, as well as professional fees, made up 89.2%, 85.1%, and 84.3% of total general and administrative expenses in 2021G, 2022G, and 2023G, respectively. Between 2021G and 2022G, general and administrative expenses climbed by 9.9%, from SAR 110.1 million to SAR 121.0 million, driven by higher salaries and related expenses, as well as other expenses that increased over the same period. Salaries rose as the number of employees increased, while other expenses grew due to increasing office and electricity bills. Between 2022G and 2023G, general and administrative expenses decreased by 5.1%, from SAR 121.0 million to SAR 114.9 million, due to a reduction in professional fees. For more information, please refer to section 6.7.7 'General and Administrative Expenses' of this prospectus.

Provision for Expected Credit Losses

The estimated credit loss provision relates to receivables from the company's various customers. This provision is set up to protect credit losses that may result from balances considered aged or slow-moving by the company's management. The provision fell by 80.5%, from SAR 42.8 million in 2021G to SAR 8.4 million in 2022G. This provision's balance fluctuates on a regular basis, not due to business trends, but due to receivable collection management. In 2023G, the provision for expected credit losses was minimal (close to zero), since the previously recorded provision was regarded adequate to address any risks associated with delays or non-collection of outstanding receivables.

Gain on Sale of Equipment and Fixtures and Termination of Leases

The profits from the sale of equipment amounted to SAR 130.7 million in 2021G and SAR 135.5 million in 2022G. These profits were mainly related to the sale and leaseback transactions of the company's recently acquired aircrafts and were recorded in the statement of profit or loss and other comprehensive income. These profits continued to increase by 108.9% from SAR 135.5 million to SAR 283.2 million in 2023G, due to a sale and leaseback transaction in which the company sold 19 aircrafts resulting in the mentioned profit.

Net Foreign Exchange Loss

The net foreign exchange loss was related to transactions the company conducted with foreign suppliers (and other parties). It should be noted that the value of these losses (or gains) fluctuates during the normal course of business operations, impacted by currency volatility, exchange rates, and transaction volume. The net foreign exchange loss increased by 243.3%, rising from SAR 0.8 million in 2021G to SAR 2.7 million in 2022G, followed by a further increase of 209.0% to SAR 8.3 million in 2023G. This increase can be attributed to the overall rise in business activity and the growth in both the value and scope of transactions with suppliers.

Other Income

Other revenue, which totaled SAR 36.8 million in 2021G, were related to VAT charges that the company paid in 2020G based on claims from the Zakat, Tax, and Customs Authority. Despite paying the sum, the company filed an objection with the authority, and the authority approved the objection in 2021G, refunding SAR 36.8 million, which was recorded under other revenue.

Finance Income

The company's financing income between 2021G and 2022G was mostly derived from interest on deposits maintained in various banks and financial institutions. This revenue increased significantly by 14,685.9% from SAR 0.1 million in 2021G to SAR 12.9 million in 2022G, with a further rise of 303.0% to SAR 51.9 million in 2023G. This significant growth was due to the company's higher-value deposits in banks and financial institutions over these years. It is worth mentioning that as cash flows increased and became more available, the company increased its investment in these deposits in order to improve cash balance movements and generate additional revenue.

Finance Cost

Financing costs are generally associated with finance lease agreements under which the company acquired aircraft and other equipment. Between 2021G and 2022G, these costs increased by 65.6%, from SAR 167.8 million to SAR 277.7 million, due to a rise in the number of aircraft acquired through finance leases to support business growth. Costs rose by 81.1% from SAR 277.7 million in 2022G to SAR 503.0 million in 2023G, owing to another considerable increase in finance leasing liabilities as 19 new aircraft were added in 2023G. Additionally, the company signed a substantial Murabaha agreement worth SAR 2.3 billion in 2022G, with the first drawdown of SAR 843.75 million completed in 2022G. Total interest associated with this agreement was SAR 61.8 million in 2022G and SAR 63.4 million in 2023G.

Profit before zakat

Since 2013G, zakat declarations have been submitted by the parent company on a consolidated basis. Zakat is calculated at the parent level and allocated to the company if applicable. In 2022G, SAR 5.9 million was allocated to the company for the year ending December 31, 2022G. The Zakat, Tax and Customs Authority (ZATCA) issued initial assessments for the year ending December 31, 2011G. No assessments have been issued for the years from 2012G onward.

For 2023G, the zakat allocation from the parent company to the company was SAR 16.5 million.

Profit for the Year

Net profit rose by 765.2% from SAR 19.9 million in 2021G to SAR 171.8 million in 2022G, mainly due to higher gross profit from increased revenue. It continued to grow by 133.7% from SAR 171.8 million in 2022G to SAR 401.3 million in 2023G, driven by revenue growth, expanded operations, and increased financing income. The profit margin increased from 0.7% in 2021G to 3.6% in 2022G, and to 6.3% in 2023G, reflecting the revenue growth.

6.7.1 Revenue – General Classification

The table below shows the general classification of the company's revenue for the financial years ending on December 31, 2021G, 2022G, and 2023G.

Table 6.3: Revenue – General classification

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Flynas LCC	2,505.1	4,354.5	5,198.8	73.8%	19.4%	44.1%
Flynass Hajj & Umrah	2.9	285.9	980.9	9,631.7%	243.0%	1,727.1%
Flynass General Aviation	165.3	168.9	182.5	2.2%	8.1%	5.1%
Total	**2,673.4**	**4,809.4**	**6,362.2**	**79.9%**	**32.3%**	**54.3%**
Share of Revenue						
Flynas LCC	93.7%	90.5%	81.7%			
Flynass Hajj & Umrah	0.1%	5.9%	15.4%			
Flynass General Aviation	6.2%	3.5%	2.9%			

Source: Management information

Regarding the company's revenue, it can generally be classified into the following three categories:

Flynass LCC

Low-cost flights are the company's primary revenue source, contributing 93.7%, 90.5%, and 81.7% of total revenue in 2021G, 2022G, and 2023G, respectively. This includes base ticket prices and additional service fees such as seat selection, extra baggage, infant fees, and change or cancellation fees.

Revenue from low-cost flights increased by 73.8% from SAR 2,505.1 million in 2021G to SAR 4,354.5 million in 2022G, driven by higher passenger numbers and more routes. In 2023G, revenue rose 19.4% to SAR 5,198.8 million due to more passengers and flights. The end of the COVID-19 pandemic and the lifting of related restrictions significantly revived the aviation sector. Intensive marketing campaigns boosted travel, with passengers growing from 4.6 million in 2021G to 11.2 million in 2023G, and flights increasing from 45,681 to 78,321.

Flynass Hajj & Umrah

Revenue from Hajj and Umrah flights generated 0.1%, 5.9%, and 15.4% of total revenue in 2021G, 2022G, and 2023G, respectively. The company formed agreements with a variety of Umrah companies and government ministries.

Revenue from Hajj and Umrah increased by 9,631.7%, from SAR 2.9 million in 2021G to SAR 285.9 million in 2022G, and by 243.0% to SAR 980.9 million in 2023G. The rise is related to the lifting of COVID-19 restrictions, with Hajj services resuming entirely in 2023G following a partial return in 2022G.

Flynass General Aviation

General aviation revenue, which includes income from chartered flights under third-party contracts, were 6.2%, 3.5%, and 2.9% of total revenue in 2021G, 2022G, and 2023G, respectively. This revenue vary depending on the number of flights and flight hours. There was a 2.2% increase from SAR 165.3 million in 2021G to SAR 168.9 million in 2022G, demonstrating typical commercial activity following the lifting of COVID-19 restrictions.

In 2023G, general aviation revenue increased by 8.1% from SAR 168.9 million in 2022G to SAR 182.5 million, due to a higher volume of aviation management services provided to a key client.

6.7.2 Revenue – Tickets and Other Services

The following table illustrates the general classification of the company's revenue from tickets and other services for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.4: Revenue – Tickets and Other Services

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Tickets	2,108.4	3,870.9	5224.1	83.6%	35.0%	57.4%
Other Services	399.7	769.6	955.6	92.5%	24.2%	54.6%
Total	**2,508.1**	**4,640.5**	**7,179.6**	**85.0%**	**33.2%**	**57.0%**

Source: Management information

* The classification in the above table includes only revenue from low-cost flights and Hajj and Umrah flights.

Ticket revenue generally include ticket fees, which may also cover administrative expenses such as handling and other charges. Ticket revenue increased by 83.6% from SAR 2,108.4 million in 2021G to SAR 3,870.9 million in 2022G, driven by an increase in passengers following COVID-19 and company expansion. It continued to rise by 35.0% to SAR 5,224.1 million in 2023G.

This growth was driven by increasing passenger and flight numbers following the pandemic, intensive advertising activities, and greater demand. Short- and medium-haul flights increased between 2021G and 2023G, which improved ticket sales.

Revenue from ancillary services, including excess baggage, seat selection, and meals, rose 92.5% from SAR 399.7 million in 2021G to SAR 769.6 million in 2022G, and increased by 24.2% to SAR 955.6 million in 2023G. The growth was driven by expanded flight operations, increased passenger numbers, a loyalty program adjustment, and new government contracts.

The loyalty program's duration was cut from 24 to 12 months, adding extra revenue, and a new government contract for international flights also boosted revenue.

6.7.3 Revenue - Classification by Flight Destination

The following table shows revenue by flight destination for the financial years ended December 31, 2021G, 2022G, and 2023G.

Table 6.5: Revenue - Classification by Flight Destination

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
International	1,057.2	2,504.7	3,063.6	136.9%	22.3%	70.2%
Domestic	1,403.4	1,817.2	2,094.0	29.5%	15.2%	22.2%
Other	44.5	32.5	41.1	(26.9%)	26.3%	(3.9%)
Total	**2,505.1**	**4.354.5**	**5198.8**	**73.8%**	**19.4%**	**44.1%**
Share of Revenue						
International	42.2%	57.5%	58.9%			
Domestic	56.0%	41.7%	40.3%			
Other	1.8%	0.7%	0.8%			

Source: Management Information.

International Flights

International flight revenue represented 42.2%, 57.5%, and 58.9% of the company's total revenue in 2021G, 2022G, and 2023G, respectively.

International flight revenue grew by 136.9%, from SAR 1,057.2 million in 2021G to SAR 2,504.7 million in 2022G, owing primarily to the gradually lifting of travel restrictions following COVID-19 and the establishment of new direct routes to India, Oman, Azerbaijan, and Algeria. The expansion continued, with a 22.3% increase to SAR 3,036.6 million in 2023G, due to increased operations and passenger numbers. The company entered new international markets, including Central Asia, the Middle East, Africa, and Asia, with expansions into Kyrgyzstan, Iraq, Ethiopia, the Maldives, and Montenegro. Additionally, there was considerable expansion in flights to Egypt, the UAE, and Turkey, as well as a relative drop in foreign ticket rates to remain competitive and meet market demands, resulting in further increases in passenger traffic.

Domestic Flights

Domestic flight revenue accounted for 56.0%, 41.7%, and 40.3% of the company's total revenue in 2021G, 2022G, and 2023G, respectively.

Domestic flight revenue increased by 29.5%, from SAR 1,403.4 million in 2021G to SAR 1,817.2 million in 2022G, as a result of passenger number increases as flying resumed after COVID-19. Revenue increased in 2023G by 15.2% to SAR 2,094.0 million due to higher flight frequency, passenger numbers, and seat occupancy rates. Unlike international ticket rates, which fell, domestic ticket prices increased by 5.4% on most routes. Additionally, the introduction of five additional domestic routes improved revenue.

Other Services

Other revenue represented 1.8%, 0.7%, and 0.8% of total company revenue in 2021G, 2022G, and 2023G, respectively.

Other revenue, which included miscellaneous items such as cargo and loyalty program earnings, fell by 26.9% from SAR 44.5 million in 2021G to SAR 32.5 million in 2022G. this revenue vary with business activity and flight frequency. In 2023G, they rose by 26.3% to SAR 41.1 million, owing to an increase in the number of travelers and flights.

6.7.4 Cost of Revenue

The following table shows the cost of revenue for the company for the financial years ended December 31, 2021G, 2022G, and 2023G.

Table 6.6: Cost of Revenue

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Fuel Costs	502.3	1,432.5	1,604.7	185.2%	12.0%	78.7%
Landing, Handling, and En-Route Charges	566.8	871.6	1,243.6	53.8%	42.7%	47.9%
Salaries and Related Costs	457.7	607.8	712.6	32.8%	17.2%	24.8%
Maintenance and Other Aircraft Costs	186.5	301.5	441.8	61.6%	46.5%	53.9%
Depreciation	546.2	652.3	788.2	19.4%	20.8%	20.1%
Rental Expense	23.2	195.1	526.5	740.7%	169.9%	376.3%
Commission and Reservation Systems Expenses	39.9	73.7	106.6	84.7%	44.7%	63.4%
Government Grant	-	-	(19.6)	-	-	N/A
Others	73.0	78.7	52.0	7.8%	(34.0%)	(14.4%)
Total	**2,395.7**	**4,213.1**	**5,456.4**	**75.9%**	**29.5%**	**50.9%**

Source: Annual Financial Statements and Management Information.

Fuel costs, landing and handling fees, in-flight services, salaries, and related expenses account for the majority of the revenue cost. These components made up 63.8%, 69.1%, and 65.3% of total revenue costs in 2021G, 2022G, and 2023G, respectively.

Fuel costs, which include the fuel used in aircraft engines, rose by 185.2% from SAR 502.3 million in 2021G to SAR 1,432.5 million in 2022G, in line with the general increase in operating activity. They increased by 12.0% to SAR 1,604.7 million in 2023G, due to more flight increases. Fuel prices are impacted by both business activity and global fuel price trends, which fluctuate in response to political and economic events. Notably, jet fuel prices increased from 2021G to 2022G due to record-high global oil prices, although they fell substantially in 2023G compared to 2022G.

Landing, handling, and inflight service fees, which include airport landing fees, ground handling services, and aircraft parking, increased by 53.8% from SAR 566.8 million in 2021G to SAR 871.6 million in 2022G. This rise was caused by the increased number of flights and was consistent with revenue growth during this period. The fees increased by 42.7% to SAR 1,243.6 million in 2023G, indicating higher flight numbers, development into new international routes, and growth in existing and pilgrimage activities.

Salaries and related costs, comprising the pay and benefits for aircraft management teams such as pilots, cabin crew, engineering, and maintenance personnel, rose by 32.8% from SAR 457.7 million in 2021G to SAR 607.8 million in 2022G. This increase was driven by growing employee numbers as a result of new recruits to support business growth, as well as the end of the government's wage support program (Sanid) in 2021G. Salaries and related costs rose by 17.2% to SAR 712.6 million in 2023G, because multiple job roles as the company expanded.

Maintenance costs and other aircraft-related expenses, including periodic maintenance for engines and airframes, increased by 61.6% from SAR 186.5 million in 2021G to SAR 301.5 million in 2022G, aligning with the overall growth in business activity. These costs also include repairs due to unexpected faults or technical issues. From 2022G to 2023G, these expenses rose by 46.5% to SAR 441.8 million, due to the increased number of operating and leased aircraft. Maintenance expenses vary with business activity and the age of aircraft, with older models requiring more frequent service.

Depreciation expenses include amortization of right-of-use assets (aircraft acquired under finance leases for which the amortization expenses accounted for 93.0% of the total depreciation and amortization expenses between 2021G and 2023G) and depreciation of fixed assets such as spare parts, furnishings, furniture, capitalized maintenance inspections and repairs, and various other assets. These expenses rose by 19.4%, from SAR 546.2 million in 2021G to SAR 652.3 million in 2022G, due to an increase in leased aircraft and additions to equipment, furniture, and furnishings. They further increased by 20.8% to SAR 788.2 million in 2023G, driven by additional aircraft leases and the acquisition of new assets such as new software acquisitions.

The rental expenditure is associated with extensive service lease agreements negotiated with international airlines for periods ranging from four to five months to satisfy the demands of the Hajj season, as well as additional aircraft leased to meet increasing demand during peak times. A comprehensive lease deal entails one airline providing aircraft, crew, and maintenance services to another. Rental expenses grew by 740.7% from SAR 23.2 million in 2021G to SAR 195.1 million in 2022G, due to increased flight activity and growth in Hajj and Umrah revenue for Flynas as Hajj operations progressively resumed following the pandemic. Rental expenses grew by 169.9% to SAR 526.5 million in 2023G, due to increased Hajj flights and the need for more aircraft to fulfill rising demand for scheduled flights during the summer.

Booking system commissions and fees paid to the International Air Transport Association (IATA) by booking agents increased by 84.7% from SAR 39.9 million in 2021G to SAR 73.7 million in 2022G, and then by 44.6% to SAR 106.6 million in 2023G, reflecting the overall increase in revenue during this period. Regarding the mentioned expenses, they become due when the ticket is booked by the agent, who receives a commission based on the terms agreed upon in the contract with the company. As for the payment, it is made according to the contract terms, which specify the approved billing schedule set by the agents.

Government grants refer to government funds offered for various projects (mainly incentives for operating scheduled flights on specified routes). Accounting Standard No. 20 classifies these grant expenses as revenue costs to reduce expenses.

Other expenses include insurance, withholding tax, utilities, and miscellaneous fees. These expenses vary in accordance with normal business operations. The 7.8% increase from SAR 73.0 million in 2021G to SAR 78.7 million in 2022G reflects revenue growth and business expansion. However, these expenses fell by 34.0% to SAR 52.0 million in 2023G, reflecting typical business variations.

6.7.5 Gross Profit – General Aviation Classification

The following table shows the gross profit by general aviation classification for the company for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.7: Gross Profit - General Aviation Classification

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Flynas LCC	266.6	507.2	701.3	90.3%	38.3%	62.2%
Flynass Hajj & Umrah	(0.5)	60.5	188.6	(12,352.3%)	211.6%	N/A
Flynass General Aviation	11.6	28.6	15.9	145.2%	(44.2%)	17.0%
Total	**277.7**	**596.2**	**905.8**	**114.7%**	**51.9%**	**80.6%**
GP.%						
Flynas LCC	10.6%	11.6%	13.5%			
Flynass Hajj & Umrah	(16.8%)	21.2%	19.2%			
Flynass General Aviation	7.0%	16.9%	8.7%			

Source: Management Information.

Gross profit rose by 114.7%, from SAR 277.7 million in 2021G to SAR 596.2 million in 2022G, due to revenue growth. Gross profit increased by 51.9% from SAR 596.2 million in 2022G to SAR 905.8 million in 2023G, driven by increased revenue growth. Notably, the gross profit margin improved over time, increasing from 10.4% in 2021G to 12.4% in 2022G and 14.2% in 2023G, indicating the company's improved performance.

Flynass LCC

Profit from low-cost aviation operations rose by 90.3% from SAR 266.6 million in 2021G to SAR 507.2 million in 2022G, with the gross profit margin increasing from 10.6% to 11.6%, driven by revenue growth from expanded operations and improved performance. In 2023G, profit further increased by 38.3% to SAR 701.3 million, and the gross profit margin increase from 11.6% in 2022G to 13.5% in 2023G. This growth is attributed to continuous business expansion, increased revenue, and improved company performance.

Flynass Hajj & Umrah

In the Hajj and Umrah aviation sector, a loss of SAR 0.5 million in 2021G turned into a profit of SAR 60.5 million in 2022G. The 2021G loss was due to COVID-19 restrictions on air travel and tight measures imposed on pilgrims leading to near-total cancellation of the Hajj season, significantly reducing flight operations.

The sector's notable turnaround is due to the gradual return of Hajj activities to pre-pandemic levels. The company typically leases aircraft short-term rather than through long-term capital leases, improving cost management and boosting profits. The profit margin shifted from -16.8% in 2021G to 21.2% in 2022G, aligning with overall profit growth.

Profit increased by 211.6% to SAR 188.6 million in 2023G, driven by the return of Hajj to pre-pandemic levels. Revenue for Hajj and Umrah aviation increased by 243.0%, from SAR 285.9 million in 2022G to SAR 980.9 million in 2023G. However, the gross profit margin slightly decreased from 21.2% to 19.2% between 2022G and 2023G.

Flynass General Aviation

Flynass General Aviation's profitability increased by 145.2%, from SAR 11.6 million in 2021G to SAR 28.6 million in 2022G. This sector makes a minimal contribution in comparison to the other sectors indicated above. The gross profit margin for this sector increased from 7.0% to 16.9% between 2021G and 2022G.

Flynass General Aviation's profit declined by 44.2%, from SAR 28.6 million in 2022G to SAR 15.9 million in 2023G. The gross profit margin also decreased from 16.9% to 8.7% within the same time period. In 2022G, Flynass' General Aviation services mainly included aircraft management, however in 2023G, the services primarily involved aircraft leasing and associated teams, which are less profitable than aircraft management.

6.7.6 Selling and Marketing Expenses

The following table shows the company's sales and marketing expenses for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.8: Selling and Marketing Expenses

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Salaries and Related Expenses	49.6	54.1	58.7	9.0%	8.4%	8.7%
Business Development and Promotion Expenses	13.6	45.7	63.5	236.9%	38.8%	116.3%
Collection Charges	26.4	37.9	51.2	43.8%	35.1%	39.3%
Customer Services-Related Expenses	6.3	7.0	9.5	10.8%	34.8%	22.3%
Professional Fees	2.0	2.9	3.6	50.4%	23.3%	36.2%
Others	5.3	9.4	10.3	78.0%	8.9%	39.2%
Total	**103.2**	**157.2**	**196.7**	**52.3%**	**25.2%**	**38.1%**

Source: Annual Financial Statements and Management Information.

Sales and marketing expenses were concentrated in three areas: salaries and related expenses, business development and marketing costs, and collection fees. These three items represented 86.8%, 87.7%, and 88.1% of total sales and marketing expenses in 2021G, 2022G, and 2023G, respectively.

Salaries and related expenses for the commercial, customer service, and sales and marketing teams rose by 9.0% from SAR 49.6 million in 2021G to SAR 54.1 million in 2022G, and by 8.4% to SAR 58.7 million in 2023G, driven by increased hiring to support business expansion.

Business development and marketing expenses, mainly for marketing and advertising, rose by 236.9% from SAR 13.6 million in 2021G to SAR 45.7 million in 2022G, due to expanded campaigns and increased market competition and business activity. They further increased by 38.8% to SAR 63.5 million in 2023G, driven by additional advertising efforts and the launch of new Hajj-related services.

Collection fees for ATM and credit card transactions increased by 43.8%, from SAR 26.4 million in 2021G to SAR 37.9 million in 2022G, reflecting an overall increase in business activity. In 2022G and 2023G, these fees remained relatively steady as a percentage of sales, ranging from around 0.8% to 1.0%.

Customer service expenses, which included call center costs and third-party loyalty program expenses, increased by 10.8% from SAR 6.3 million in 2021G to SAR 7.0 million in 2022G, and then by 34.9% to SAR 9.5 million in 2023G. These increases were fueled by increased business volume and staffing in call centers and service.

Professional fees, covering electronic systems, booking systems, and sales staff subscriptions, rose by 50.4% from SAR 2.0 million in 2021G to SAR 2.9 million in 2022G due to increased subscription costs. They further increased by 23.3% to SAR 3.6 million in 2023G, mainly due to financial consulting expenses for business and revenue management studies.

Other expenses, including benefits and travel costs, increased by 78.0% from SAR 5.3 million in 2021G to SAR 9.4 million in 2022G, due to higher benefits higher benefits expenses due to increased staffing. These expenses increased by 8.9% to SAR 10.3 million in 2023G, indicating regular business operations.

6.7.7 General and Administrative Expenses

The following table shows the company's general and administrative expenses for the financial years ending on December 31, 2021G, 2022G, and 2023G.

Table 6.9: General and Administrative Expenses

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Salaries and Related Expenses	67.4	71.3	81.6	5.9%	14.4%	10.0%
Professional Fees	30.8	31.7	15.3	2.8%	(51.6%)	(29.5%)
Penalties	1.2	2.4	-	95.9%	(100.0%)	(100.0%)
Depreciation on Equipment and Fixtures	2.1	1.4	2.5	(33.4%)	76.1%	8.3%
Others	8.5	14.2	15.5	66.2%	9.1%	34.7%
Total	**110.1**	**121.0**	**114.9**	**9.9%**	**(5.1%)**	**2.1%**

Source: Annual Financial Statements and Management Information.

Salaries, related expenses, and professional fees accounted for most general and administrative expenses. These two categories made up 89.2%, 85.1%, and 84.3% of total general and administrative expenses in 2021G, 2022G, and 2023G, respectively.

Salaries and related expenses, mostly for the CEO and administrative staff overseeing various company departments, increased by 5.9% from SAR 67.4 million in 2021G to SAR 71.3 million in 2022G, due to the hiring of new employees to support business expansion. These expenses increased by 14.4%, from SAR 71.3 million in 2022G to SAR 81.6 million in 2023G, owing to the ongoing increase in new employment.

Professional fees, including external audits, financial consulting, and legal costs, increased by 2.8% from SAR 30.8 million in 2021G to SAR 31.7 million in 2022G due to higher financial consulting costs. These fees then decreased by 51.6% to SAR 15.3 million in 2023G, as the high consulting costs in 2021G and 2022G were due to studies for developing new internal policies.

Penalty expenses consisted of several lawsuits filed against the company between 2021G and 2023G, as well as fines paid to the General Authority of Civil Aviation for incorrect passenger information updates. If passenger data does not match immigration records, the Ministry of Interior will impose fines. These expenses increased by 95.9%, from SAR 1.2 million in 2021G to SAR 2.4 million in 2022G. A revenue reversal of SAR 2.9 million was recorded in 2023G for fines incurred prior to 2021G. The increase recorded between 2021G and 2022G was driven by a rise in the scope and number of discrepancies identified between passenger data and immigration records due to technical issues, which were later resolved. It is worth noting that such discrepancies are continuously monitored during daily operations, though their frequency and volume fluctuate as part of business processes. As for the decline observed between 2022G and 2023G, it was linked to the company's recovery of certain fines previously paid due to data discrepancies that were later found not to be the company's responsibility. These discrepancies resulted from technical errors in the General Authority of Civil Aviation's systems. Consequently, the company was able to reclaim the fines paid in prior periods, and the expense was reversed.

Equipment and fixture depreciation charges are related to electronic systems and office equipment. These expenses fell by 33.4%, from SAR 2.1 million in 2021G to SAR 1.4 million in 2022G, as a large portion of these assets were fully depreciated in 2022G. The expenses then rose by 76.1% to SAR 2.5 million in 2023G, owing to the inclusion of electronic devices and software.

Other expenses listed as general and administrative include travel, business development, and other costs such as utility expenses, hospitality costs, stationery, office expenses, and other costs incurred in administrative offices. These costs fluctuate constantly during the normal course of business. They grew by 66.2%, from SAR 8.5 million in 2021G to SAR 14.2 million in 2022G, with another 9.1% growth to SAR 15.5 million in 2023G. Increased travel, business development, and other miscellaneous expenses all contributed to the continuous increase.

6.7.8 Provision for Expected Credit Losses

Regarding the expected credit loss provision, it is associated with aged receivables. The company, based on a forward-looking approach, assesses the expected credit losses related to its debt instruments as part of financial assets measured at amortized cost.

For trade receivables assessed at amortized cost, the company uses IFRS 9's simplified approach to calculate projected credit losses from initial recognition. Receivables are categorized according to common credit risk criteria and days past due. The expected loss rates are calculated from the company's historical data and adjusted to reflect forward-looking assumptions, including macroeconomic factors. The company has picked Saudi Arabia's GDP (the country where the services are offered) as the most relevant factor, and previous loss rates are adjusted based on predicted changes in this factor.

The value of the credit loss provision varies during the normal course of business. It dropped by 80.5%, from 42.8 million SAR in 2021G to 8.4 million SAR in 2022G. The provision was significant in 2021G but almost nonexistent in 2023G. These provisions do not follow a certain trend or business direction, but rather by receivables management and the speed of collection from different customers. The high provisions in 2021G were adequate to cover any risks associated with late or incomplete collections, and improved collection management resulted in no new provisions and the reversal of any previously allocated provisions.

Regarding the decrease in the credit loss provision between 2021G and 2022G, it was previously mentioned that in 2022G, the company transferred its receivables balance from the National Flight Services Company to the parent company for an amount of SAR 121.2 million at its fair value. The company had set aside a credit loss provision of SAR 93.0 million related to the mentioned amount of SAR 121.2 million. As a result, this amount was reversed following the transfer of the receivables balance, which explains the significant decrease in the credit loss provision balance.

No additional provisions were recorded between 2022G and 2023G, and credit loss provision expenses dropped from SAR 8.4 million to nearly zero over the period, as the provisions set in previous years and periods were considered sufficient to cover the risks associated with the collection of overdue and doubtful receivables.

6.7.9 Gain on Sales of Equipment and Fixtures and Termination of Leases

Between 2021G and 2022G, the profit from equipment sales was 130.7 million SAR and 135.5 million SAR, respectively. This profit was mostly due to the sale and leaseback transactions of the company's aircraft, which resulted in a profit on the statement of profit or loss and other comprehensive income. Notably, profits climbed by 108.9% between 2022G and 2023G, from 135.5 million SAR to 283.2 million SAR, owing to further sale and leaseback transactions, including the 19 new aircraft in 2023G.

As indicated in the section 6.4 "significant accounting policies" of this prospectus, the company frequently uses sale and leaseback transactions to fund aircraft purchases. Each transaction is assessed to determine whether it fits the requirements of IFRS 15 "Revenue from Contracts with Customers" for a sale to occur which include the following terms:

- Identifying the contract (or contracts) with the customer: A contract is an agreement between two or more parties that results in enforceable rights and obligations.
- Identifying performance obligations in the contract: These are contractual promises to transfer goods or services to the customer.
- Determining the transaction price: This is the amount the entity expects to receive in exchange for transferring the agreed-upon goods or services to the customer. If the agreed consideration in the contract includes a variable amount, the entity must estimate the amount of consideration it expects to receive for transferring the agreed-upon goods or services to the customer.
- Allocating the transaction price to each performance obligation: Based on the relative standalone selling prices of each good or service in the contract.
- Recognizing revenue: Revenue is recognized when a performance obligation is satisfied by transferring an agreed-upon good or service to a customer. A performance obligation may be satisfied at a specific point in time (usually for promises to transfer goods to the customer) or over time (usually for promises to transfer services to the customer). For performance obligations satisfied over time, the entity will choose an appropriate measure.

When a sale happens, the underlying asset is derecognized, and a right-of-use asset and lease obligation are recognized. If there is no sale, the asset remains on the balance sheet as equipment and fixtures, with the financing proceeds recorded as a financed liability. If the new financing arrangements do not meet these recognition criteria because they are classified as "substantial purchases" rather than leases, the related liability is recognized as a financed liability and the assets as owned assets under property and equipment. It is worth noting that the mentioned sale process is not tied to a specific timeline; rather, it is an immediate process. When the company is notified by the seller about the aircraft delivery, the lessor is informed to prepare the lease contract. The process is immediate, meaning the company receives the aircraft and sells it immediately to the lessor, with the profit being recognized immediately as well.

6.7.10 Net Foreign Exchange Losses

The company recorded a net foreign exchange loss under other expenses related to transactions with foreign suppliers and other parties. These losses (or gains) fluctuate within the normal course of business, influenced by currency value changes, exchange rates, and transaction volumes. The loss increased by 243.3% from SAR 0.8 million to SAR 2.7 million between 2021G and 2022G, and by 209.0% to SAR 8.3 million in 2023G. This rise was mainly due to Hajj services provided to clients from Algeria, Bangladesh, and Morocco using the local currency, leading to accumulated foreign exchange losses.

6.7.11 Other Income

Regarding other revenue, amounting to SAR 36.8 million in 2021G, it was related to VAT costs. The company had initially overpaid VAT, which later resulted in reimbursements recorded as other revenue in 2021G.

6.7.12 Finance Income

The following table shows the company's financing income for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.10: Finance Income

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Interest Income on Deposits with Banks	0.1	12.9	51.9	N/A	303.0%	N/A

Source: Annual Financial Statements and Management Information.

Financing income relates to deposits defined as cash and cash equivalents with maturities of three months or less at the time of depositing. This revenue increased dramatically from SAR 0.1 million in 2021G to SAR 12.9 million in 2022G, owing to a huge growth in deposit value, which reached SAR 888.8 million as of December 31, 2022G. Financing income increased by 303.0% to SAR 51.9 million in 2023G, due to additional deposits in banks and financial institutions. The company prefers to spend excess cash flows that exceed the requirements for working capital, operations, and other projects. Investing these cash flows activates cash balances and generates additional income for the company.

6.7.13 Finance Cost

The following table illustrates the financing costs of the company for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.11: Finance Cost

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Interest in Lease Liabilities	156.5	199.8	377.4	27.6%	88.9%	55.3%
Bank Guarantee and Commitment Fee	2.1	5.7	31.1	170.1%	449.7%	285.3%
Impured Interest on Deposits and Long-Term Payables	5.0	9.8	28.6	13.1%	190.7%	139.0%
Interest on a loan from the fund	3.7	-	-	(100%)	-	(100%)
Interest on Murabaha Facility	-	61.8	63.4	-	2.6%	N/A
Others	0.4	0.7	2.5	61.6%	260.0%	141.2%
Total	**167.8**	**277.7**	**503.0**	**65.6%**	**81.1%**	**73.2%**

Source: Annual Financial Statements and Management Information.

In 2021G, 2022G, and 2023G, the key components of financing costs are interest expenses on lease liabilities and aircraft-related provisions, which account for 93.3%, 71.9%, and 75.0%, respectively.

Interest in lease liabilities and aircraft-related provisions primarily relates to capital lease agreements for acquired aircraft, including heavy maintenance and return costs. These expenses rose by 27.6% from SAR 156.5 million to SAR 199.8 million between 2021G and 2022G due to more leased aircraft. They further increased by 88.9% to SAR 377.4 million in 2023G as the company acquired more aircraft under capital leases to support business growth.

Guarantee and bank commitment fees were associated with letters of guarantee issued to the General Authority of Civil Aviation and other airlines. These fees rose by 170.1%, from SAR 2.1 million in 2021G to SAR 5.7 million in 2022G, owing to enhanced credit facilities that enabled the corporation to issue bank guarantees and reclaim cash paid for future aircraft maintenance. The fees grew by 449.7%, from SAR 5.7 million in 2022G to SAR 31.1 million in 2023G, due to additional credit facilities provided by Saudi banks for aircraft maintenance provisions rather than cash funding. This growth was impacted by the rise in the value of granted letters of guarantee, which totaled SAR 22 million in 2021G, SAR 89 million in 2022G, and SAR 491 million in 2023G.

Interest on long-term deposits and payables included payment plan discount fees, and other miscellaneous interests. Interest increased by 96.4% from SAR 5.0 million in 2021G to SAR 9.8 million in 2022G, and by 190.7% to SAR 28.6 million in 2023G. It is worth noting that these expenses may vary and fluctuate in the context of normal business operations.

Regarding the interest associated with the loan from the fund, which amounted to SAR 3.7 million in 2021G, it is related to SIDF loans and a syndicated loan from major local banks. The company secured SIDF loans of SAR 300 million in 2020G and SAR 164.5 million in 2021G, along with a SAR 2.25 billion Murabaha facility, of which SAR 843.5 million was drawn in 2022G (16 February 2022G). Interest on the Murabaha facility increased by 2.6% from SAR 61.8 million in 2022G to SAR 63.4 million in 2023G due to higher rates. These interest expenses fluctuate with the SAIBOR rate and repayment activities.

Other expenses classed as financial costs mostly comprise various banking fees. These expenses remained low between 2021G and 2022G before increasing by 260.0% from SAR 0.7 million in 2022G to SAR 2.5 million in 2023G. These expenses are often correlated with the volume of banking transactions.

6.7.14 Zakat Expense

Since 2013G, the parent company has filed consolidated zakat declarations on behalf of the company. As a result, the zakat for the year is initially calculated at the parent company level (on a consolidated basis) and then allocated to the company by the parent company, if applicable. In addition, the Zakat Authority issued first assessments for the financial year ending December 31, 2011G. The Authority has not issued assessments for the years beginning in 2012G.

6.7.15 Profit for the Year

The annual profit increased by 765.2% from SAR 19.9 million to SAR 171.8 million between 2021G and 2022G. This considerable gain was primarily driven by a noticeable increase in revenue throughout the specified period. The annual profit margin likewise increased from 0.7% to 3.6%, reflecting the growth in annual profit.

The annual profit continued to rise by 133.7%, from SAR 171.8 million in 2022G to SAR 401.3 million in 2023G. This increase was influenced by the rise in gross profit and other revenue between the two years, which also led to a similar increase in the net profit margin, from 3.6% to 6.3% between the two years.

6.8 Statement of Financial Position

The table below shows the company's statement of financial position as of December 31, 2021G, 2022G, and 2023G.

Table 6.12: Balance Sheet

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Assets						
Non-Current Assets						
intangible asset	2,000.0	2,000.0	2,000.0	-	-	-
Equipment and fixtures	1,014.5	1,078.1	1,167.6	6.3%	8.3%	7.3%
Right-of-use assets	3,833.8	5,050.1	7,676.1	31.7%	52.0%	41.5%
Deposits for aircraft	45.2	54.0	55.3	19.5%	2.4%	10.6%
Investment in associates	0.0	0.0	-	-	(100.0%)	(100.0%)
Total non-current assets	**6,893.5**	**8,182.2**	**10,898.9**	**18.7%**	**33.2%**	**25.7%**
Current Assets						
Stores and spares	4.4	3.5	3.2	(21.3%)	(9.1%)	(15.4%)
Deposits for aircraft	56.4	38.9	36.1	(31.1%)	(7.1%)	(20.0%)
Trade receivables	104.5	145.9	299.7	39.6%	105.3%	69.3%
Prepayments and other current assets	74.9	89.2	120.0	19.1%	34.5%	26.6%
Bank deposits	-	-	56.3	-	-	N/A
Cash and cash equivalents	297.6	1,188.3	1,450.5	299.4%	22.1%	120.8%
Total current assets	**537.9**	**1,465.9**	**1,965.7**	**172.5%**	**34.1%**	**91.2%**
Total assets	**7,431.4**	**9,648.1**	**12,864.7**	**29.8%**	**33.3%**	**31.6%**
Equity and liabilities						
Equity						
Share capital	1,534.3	1,534.3	1,534.3	-	-	-
Statutory reserves	0.2	0.2	0.2			
Accumulated losses	(856.9)	(695.2)	(308.3)	(18.9%)	(55.7%)	(40.0%)
Net equity	**677.5**	**839.2**	**1,226.1**	**23.9%**	**46.1%**	**34.5%**
Liabilities						
Non-Current Liabilities						
Trade and other payables	316.5	221.8	124.0	(29.9%)	(44.1%)	(37.4%)
Lease liabilities	2,520.9	3,230.5	4,984.4	28.1%	54.3%	40.6%
Aircraft related provisions	1,080.5	1,604.8	2,666.6	48.5%	66.2%	57.1%
Loans	-	844.7	425.2	-	(49.7%)	N/A
Employees' end of service benefits liabilities	198.6	195.2	231.5	(1.7%)	18.6%	8.0%
Total non-current liabilities	**4,116.4**	**6,097.1**	**8,431.7**	**48.1%**	**38.3%**	**43.1%**
Current liabilities						
Trade and other payables	1,736.3	1,625.7	1,754.5	(6.4%)	7.9%	0.5%
Lease liabilities	262.1	401.2	540.6	53.1%	34.8%	43.6%
Aircraft related provisions	147.7	100.8	157.0	(31.8%)	55.8%	3.1%
Loans	297.9	388.4	419.5	30.4%	8.0%	18.7%
Contract liabilities	193.5	195.7	335.2	1.2%	71.3%	31.6%
Total current liabilities	**2,637.5**	**2,711.8**	**3,206.8**	**2.8%**	**18.3%**	**10.3%**
Total liabilities	**6,745.0**	**8,808.9**	**11,638.5**	**30.4%**	**32.1%**	**31.3%**
Total equity and liabilities	**7,431.4**	**9,648.1**	**12,864.7**	**29.8%**	**33.3%**	**31.6%**

Source: Annual Financial Statements and Management Information.

Non-Current Assets

Non-current assets are mostly concentrated in intangible assets and right-of-use assets, which accounted for 84.6%, 86.2%, and 88.8% of total non-current assets on December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively.

Between December 31, 2021G and December 31, 2022G, the non-current asset balance increased by 18.7%, from SAR 6,893.5 million to SAR 8,182.2 million. This increase was principally driven by a 31.7% growth in right-of-use assets from SAR 3,833.8 million to SAR 5,050.1 million over the same period. These right-of-use assets are primarily related to finance lease agreements, through which the company acquired numerous currently operational aircraft. The increased use of leased aircraft to support business growth resulted in a surge in these assets. It should be noted that the number of aircraft in the company's fleet reached 34 aircraft, 44 aircraft, and 56 aircraft in 2021G, 2022G, and 2023G, respectively.

Non-current assets increased by 33.2% to SAR 10,898.9 million as of December 31, 2023G, owing to substantial increases in right-of-use assets, which increased by 52.0% from SAR 5,050.1 million to SAR 7,676.1 million between December 31, 2022G and December 31, 2023G. The significant increase in the number of leased aircraft was due to the company's expansion plans and the growing number of passengers, which scaled steadily in 2021G, 2022G, and 2023G.

Current Assets

Cash and cash equivalents were the main component of current assets, making up 55.3%, 81.1%, and 73.8% as of December 31, 2021G, 2022G, and 2023G, respectively. Current assets increased by 172.5% from SAR 537.9 million on December 31, 2021G, to SAR 1,465.9 million on December 31, 2022G, mainly due to a rise in cash and cash equivalents from significant loans obtained in 2022G. This increase was driven by an increase in receivables and a 22.1% increase in cash and cash equivalents from SAR 1,188.3 million to SAR 1,450.5 million between the two periods. The increase in cash and cash equivalents was mostly driven by the company's profits, with a portion of the surplus cash deposited as short-term deposits in current accounts to invest the available funds.

Equity

The equity balance includes share capital, statutory reserves, and accumulated losses from previous years. The net equity balance increased by 23.9%, from SAR 677.5 million on December 31, 2021G to SAR 839.2 million on December 31, 2022G, due to an 18.9% reduction in accumulated losses from SAR 856.9 million to SAR 695.2 million. Between December 31, 2022G and December 31, 2023G, equity rose by 46.1%, from SAR 839.2 million to SAR 1,226.1 million, owing to lower cumulative losses as annual profits increased. The value of accumulated losses decreased by 55.7%, from SAR 695.2 million as of December 31, 2022G, to SAR 308.3 million as of December 31, 2023G, following an increase in net profit by 133.7%, from SAR 171.7 million to SAR 401.3 million between 2022G and 2023G.

Non-Current Liabilities

As of December 31, 2021G, December 31, 2022G, and December 31, 2023G, lease liabilities and aircraft-related provisions accounted for 87.5%, 79.3%, and 90.7% of total non-current liabilities, respectively.

Non-current liabilities increased by 48.1% from SAR 4,116.4 million to SAR 6,097.1 million between December 31, 2021G, and December 31, 2022G. This increase was driven by an increase in lease liabilities due to the addition of more aircraft.

Regarding the loan balance, the SAR 844.7 million recorded as of December 31, 2022G, was related with multiple loans received by the company in 2022G to support various business requirements.

Non-current liabilities increased by 38.3%, from SAR 6,097.1 million on December 31, 2022G to SAR 8,431.7 million on December 31, 2023G. This increase was primarily driven by a 54.3% increase in lease liabilities, from SAR 3,230.5 million to SAR 4,984.4 million, owing to an increase in the number of leased aircraft and new finance lease agreements. Furthermore, the increase in non-current liabilities was driven by a 66.2% increase in aircraft provisions, from SAR 1,604.8 million to SAR 2,666.6 million, as a result of the new aircraft's maintenance assets.

Current Liabilities

Current liabilities were primarily concentrated in trade and other payables, which constituted 65.8%, 60.0%, and 54.7% of the total current liabilities as of December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively.

Current liabilities increased by 2.8% from SAR 2,637.5 million on December 31, 2021G, to SAR 2,711.8 million on December 31, 2022G, due to higher loans and lease liabilities. They rose further by 18.3% to SAR 3,206.8 million by December 31, 2023G, driven by higher trade payables, lease liabilities, and contract obligations. The increase in trade payables was due to increased business volume and purchases, while the increase in lease liabilities was caused by an increase in the number of aircraft, and the increase in contract obligations was due to continued business growth.

6.8.1 Non-Current Assets

The table below shows the company's non-current assets as of December 31, 2021G, 2022G, and 2023G.

Table 6.13: Non-Current Assets

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Intangible Asset	2,000.0	2,000.0	2,000.0	-	-	-
Equipment and Fixtures	1,014.5	1,078.1	1,167.6	6.3%	8.3%	7.3%
Right-of-Use Assets	3,833.8	5,050.1	7,676.1	31.7%	52.0%	41.5%
Deposits for Aircraft	45.2	54.0	55.3	19.5%	2.4%	10.6%
Investment in Associates	0.0	0.0	-	-	(100.0%)	(100.0%)
Total	**6,893.5**	**8,182.2**	**10,898.9**	**18.7%**	**33.2%**	**25.7%**

Source: Annual Financial Statements and Management Information.

The increase in non-current assets is due to the rise in right-of-use assets. For more details, please refer to the following sections.

6.8.1.1 Intangible Asset

The company's intangible asset is essentially its Air Operator Certificate. The value of intangible assets amounted to SAR 2,000 million between December 31, 2021G, and December 31, 2023G. This value represented 26.9%, 20.7%, and 15.5% of the total value of assets as of December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively.

In 2015G, with the agreement of the parent company's board of directors and shareholders, the parent company transferred the AOC issued by the General Authority of Civil Aviation to the company in a non-cash transaction for SAR 2.0 billion. The AOC is issued by GACA in Saudi Arabia and authorizes the company to conduct commercial flights, including airport access, landing rights, and Hajj and Umrah operations. Management analyzed the AOC's useful life and decided that it has an indefinite useful life.

Regarding the annual impairment assessment, an external expert appointed by the company determined that there was no impairment that required the AOC's fair value to exceed its carrying amount.

6.8.1.2 Equipment and Fixtures

The following table outlines the company's equipment and fixtures as of December 31, 2021G, 2022G, and 2023G.

Table 6.14: Equipment and Fixtures

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Equipment and Fixtures	262.4	430.6	561.5	64.1%	30.4%	46.3%
Capital Work in Progress (CWIP)	752.1	647.5	606.1	(13.9%)	(6.4%)	(10.2%)
Total Net Book Value	**1,014.5**	**1,078.1**	**1,167.6**	**6.3%**	**8.3%**	**7.3%**

Source: Annual Financial Statements and Management Information.

The equipment and fixtures consist of two items: equipment and fixtures, and capital work in progress.

Regarding equipment and fixtures, they primarily consist of aircraft and aircraft equipment, including modifications to aircraft and related leased equipment. They also cover improvements to leased properties, as well as furniture and fixtures.

Capital work in progress, on the other hand, includes advance payments for aircraft purchases prior to delivery, spare engines, aircraft seats, and data fields.

In terms of balance, the total value of equipment and fixtures remained constant between December 31, 2021G and December 31, 2022G. Instead, it recorded a 6.3% increase, from SAR 1,014.5 million to SAR 1,078.1 million across the two periods.

Table 6.15: Movement of additions and disposals of equipment and fixtures in the years 2021G, 2022G, and 2023G:

SAR'm	Aircraft and Aircraft Equipment	Modification on Leased Aircraft & LHI	Furniture and Fixtures	Total
Net book value as of January 1, 2021G	**203.9**	**21.2**	**3.1**	**228.2**
Cost as of January 1, 2021G	561.2	62.9	16.3	640.4
Additions	1,791.4	-	1,3	1,792.7
Disposals	(1,793.0)	-	(0.2)	(1,793.2)
Transfers from WIP	62.1	14.0	-	76.1
As at 31 December 2021G	**621.8**	**76.8**	**17.5**	**716.1**
Accumulated depreciation				
As at 1 January 2021G	(357.3)	(41.7)	(13.2)	(412.2)
Charge for the year	(33.4)	6.0	(2.1)	(41.6)
Disposals	-	-	0.2	0.2
As at 31 December 2021G	**(390.8)**	**(47.7)**	**(15.2)**	**(453.6)**
Net book value as at 31 December 2021G	**231.0**	**29.1**	**2.3**	**262.4**
Cost as of January 1, 2022G	621.8	76.8	17.5	716.1
Additions	1,577.1	-	0.9	1,577.9
Disposals	(1,553.5)	-	-	(1,553.5)
Transfers from WIP	183.7	10.2	-	194.0
As at 31 December 2022G	**829.7**	**87.1**	**18.3**	**934.4**
Accumulated depreciation				
As at 1 January 2022G	(390.8)	(47.7)	(15.1)	(453.6)
Charge for the year	(43.6)	(5.2)	(1.4)	(50.2)
As at 31 December 2022G	(434.3)	(52.9)	(16.6)	(503.8)
Net book value as at 31 December 2022G	**394.7**	**34.2**	**1.7**	**430.6**

SAR'm	Aircraft and Aircraft Equipment	Modification on Leased Aircraft & LHI	Furniture and Fixtures	Total
Cost as of January 1, 2023G	829.0	87.1	18.3	934.4
Additions	3,712.5	-	5.4	3,718.0
Disposals	(3,715.2)	-	-	(3,715.2)
Transfers from WIP	189.2	-	2.6	191.9
As at 31 December 2023G	**1,015.6**	**87.1**	**26.4**	**1,129.1**
Accumulated depreciation				
As at 1 January 2023G	(434.3)	(52.9)	(16.6)	(503.8)
Charge for the year	(56.5)	(4.8)	(2.5)	(63.8)
As at 31 December 2023G	(490.8)	(57.7)	(19.1)	(567.6)
Net book value as at 31 December 2023G	**524.8**	**29.4**	**7.3**	**561.5**

Source: Annual Financial Statements and Management Information

The slight increase is due to a 64.1% increase in the equipment and fixture balance from SAR 262.4 million to SAR 430.6 million between December 31, 2021G and December 31, 2022G. This rise was mostly driven by additions totaling SAR 1,577.1 million in 2022G.

The additions were mainly related to backup engines and associated spare parts acquired by the company between 2021G and 2023G.

Despite the increase in the value of equipment and fixtures, there was a slight decrease in capital work in progress, which fell by 13.9% from SAR 752.1 million as of December 31, 2021G, to SAR 647.5 million as of December 31, 2022G. This decrease was due to transfers from capital work in progress to other assets.

The value of equipment and fixtures increased by 6.3%, from SAR 1,078.1 million on December 31, 2022G, to SAR 1,167.6 million on December 31, 2023G, driven by a 30.4% rise in equipment and fixtures, from SAR 430.6 million to SAR 561.5 million, due to capitalizing assets like engine parts. In contrast, capital work in progress decreased by 6.4%, from SAR 647.5 million to SAR 606.1 million, due to transfers to equipment and fixtures.

Regarding the assets planned for purchase, it is worth mentioning that the company had capital commitments of SAR 15,012.2 million in 2023G. These commitments mainly relate to obligations toward Airbus for the purchase of approximately 73 aircraft. The delivery of these aircraft is expected to be completed by 2030G.

The following table shows the list of equipment and fixtures for the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.16: Equipment and Fixture Items

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Cost						
Aircraft and Aircraft Equipment	621.8	829.0	1,015.6	33.3%	22.5%	27.8%
Modification on Leased Aircraft & LHI	76.8	87.1	87.1	13.3%	-	6.5%
Furniture and Fixtures	17.5	18.3	26.4	4.9%	44.1%	23.0%
Total Cost	**716.1**	**934.4**	**1,129.1**	**30.5%**	**20.8%**	**25.6%**
Accumulated Depreciation						
Aircraft and Aircraft Equipment	(390.8)	(434.3)	(490.8)	11.2%	13.0%	12.1%
Modification on Leased Aircraft & LHI	(47.7)	(52.9)	(57.7)	10.9%	9.0%	10.0%
Furniture and Fixtures	(15.2)	(16.6)	(19.1)	9.4%	15.1%	12.2%
Total Accumulated Depreciation	**(453.6)**	**(503.8)**	**(567.6)**	**11.1%**	**12.7%**	**11.9%**
Total NBV	**262.4**	**430.6**	**561.5**	**64.1%**	**30.4%**	**46.3%**

Source: Annual Financial Statements and Management Information.

The table above lists the equipment and fixtures items, with a primary focus on aircraft and aviation equipment. The book value of equipment and fixtures varies with additions and disposals. Additions are often aligned with business demands, and the majority of the additions reported between 2021G and 2023G were in accordance with the company's expansion operations during that period.

It should be noted that the company currently does not own any aircraft; all operating aircraft are classified under capital lease agreements.

6.8.1.3 Right-of- Use Assets

The following table shows the company's right-of-use assets as of December 31, 2021G, 2022G, and 2023G.

Table 6.17: List of Right-of-Use Assets

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
January 1, (as previously stated)	1,758.4	3,833.8	5,050.1	118.0%	31.7%	69.5%
Change in Accounting Policies	415.2	-	-	(100.0%)	-	(100.0%)
January 1	2,173.6	3,833.8	5,050.1	76.4%	31.7%	52.4%
Additions	2,200.3	1,829.5	3,352.9	(16.9%)	83.3%	23.4%
Terminations	(33.3)	(9.7)	-	(70.9%)	(100.0%)	(100.0%)
Depreciation	(506.8)	(603.5)	(726.9)	19.1%	20.5%	19.8%
31 December	**3,833.8**	**5,050.1**	**7,676.1**	**31.7%**	**52.0%**	**41.5%**

Source: Annual Financial Statements and Management Information.

Right-of-use assets are primarily associated with finance lease agreements through which the company acquired aircraft and aircraft equipment. These assets also include enhancements to leased assets and maintenance assets. Depreciation on right-of-use assets is calculated on a straight-line basis over the assets' projected useful life depending on the lease term.

The balance of right-of-use assets increased by 31.7%, from SAR 3,833.8 million on December 31, 2021G to SAR 5,050.1 million on December 31, 2023G. This increase was predominantly focused in the category of leased aircraft, which increased in proportion to the expansion in business activities.

The balance of right-of-use assets increased by 52.0% from SAR 5,050.1 million as of December 31, 2022G to SAR 7,676.1 million as of December 31, 2023G. This increase in right-of-use assets (as well as lease liabilities) was driven by the company's constant acquisition of leased aircraft to keep up with ongoing business volume growth.

Regarding the estimated useful life of right-of-use assets:

Table 6.18: Estimated useful life of right-of-use assets:

Component		Number of Years
Airframe	The aircraft's structural frame is fully guaranteed and provided at the start of the lease contract as part of the aircraft structure inspections.	Life of the Lease, typically 12 years or Period of Lease
Landing Gear Components	The landing gear provides a suspension system for the wheels during taxiing, takeoff, and landing.	10 years
Engine Performance	The engine's performance must be assessed and maintained based on flight hours.	12,000 engine flight hours or period of lease, whichever is shorter
Auxiliary Power Unit (AUX)	The aircraft auxiliary unit is a small gas engine mounted at the rear outlet of the aircraft to provide electrical and mechanical power. It is maintained based on flight hours.	7,500 engine flight hours or period of lease, whichever is shorter
Engine Life Limited Parts (Engine LLP)	The rotating parts and fixed structural components are among the key elements whose failure is likely to have a significant impact on the engine. Critical life-limited parts typically include, but are not limited to, discs, spacers, shafts, seals, high-pressure casings, and non-routine fastening components. These parts must be replaced after a specified number of engine cycles.	20,000 engine cycles or period of lease, whichever is shorter

Source: Management Information

It is important to note that recognizing right-of-use assets and related lease liabilities necessitates estimates and assumptions about aircraft usage, changes in comprehensive maintenance service costs, and expected price increases.

It is also worth noting that right-of-use assets are periodically impaired by any impairment losses and adjusted against specific lease liability remeasurement operations.

6.8.1.4 Aircraft Deposits

The following table shows aircraft deposits for the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.19: Aircraft Deposits

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Non-Current Portion	45.2	54.0	55.3	19.5%	2.4%	10.6%
Current Portion	56.4	38.9	36.1	(31.1%)	(7.1%)	(20.0%)
31 December	**101.6**	**92.9**	**91.4**	**(8.6%)**	**(1.6%)**	**(5.1%)**

Source: Annual Financial Statements and Management Information.

Aircraft deposits are sums paid to lessors as security for meeting lease and maintenance obligations under lease agreements. Typically, the value of the deposits mentioned represents three months' worth of the total lease contract value. Regarding any credit losses resulting from these deposits, it should be highlighted that the company works with lessors with good credit ratings. As a result, the company's management believes that the impact of expected credit losses on these deposits is insignificant, given that the outstanding lease obligations with these lessors are significantly greater than the related deposits for these aircraft, and there is no history of default on these deposits.

The balance of aircraft deposits fell by 8.6%, from SAR 101.6 million as of December 31, 2021G to SAR 92.9 million as of December 31,2022G. It should be noted that this balance may fluctuate frequently due to changes in the number of leased aircraft. Notably, the deposits reported by the company as of December 31, 2022G were for leased aircraft and engines.

The total balance continued to decrease by 1.6%, from SAR 92.9 million as of December 31, 2022G to SAR 91.4 million as of December 31, 2023G. It should be emphasized that, despite a major increase in the number of leased aircraft between 2022G and 2023G, the drop in aircraft deposit balances was largely driven by a policy change. The company's new strategy entails replacing deposits with letters of credit issued to suppliers as security for purchases.

6.8.1.5 Investment in Associates

The investments in associates were related to three private limited businesses that are not listed on the Saudi Stock Exchange: Nas Air for Hajj and Umrah Limited, Nas Private Aviation, and Nas Aircraft Technology Limited. From 2021G to 2022G, the company owned 2.0% of these associates, and the investment value remained steady. In 2023G, the company transferred all its investments in these associates to its parent company, Nas Holding, for a cost of SAR 6,000 per investment. It should be noted that, while the company's investments in these firms were nominal, the three companies are deemed associates under International Accounting Standard 28 (IAS 28) "Investments in Associates and Joint Ventures", and this is because the company has significant influence over their financial and operational policies as a result of joint ownership and shared board representation on the parent company's board. In reality, the ownership percentages the company held in the three mentioned companies were not significant (2.0% ownership). In a similar case, these companies would not be considered associates. However, the influence the company had over the policies and management of the three mentioned companies led to their classification as associate companies. These investments are categorized as equity investments in non-listed entities. However, because these associates are not of considerable importance, their share of operational performance was not included in the financial statements. The carrying value of these investments is close to their fair worth, according to the company's most recent estimations.

6.8.2 Current Assets

The following table shows the current assets of the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.20: Current Assets

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Stores and Spares	4.4	3.5	3.2	(21.3%)	(9.1%)	(15.4%)
Deposits for Aircraft	56.4	38.9	36.1	(31.1%)	(7.1%)	(20.0%)
Trade Receivables	104.5	145.9	299.7	39.6%	105.3%	69.3%
Prepayments and Other Current Assets	74.9	89.2	120.0	19.1%	34.5%	26.6%
Bank Deposits	-	-	56.3	-	-	N/A
Cash and Cash Equivalents	297.6	1,188.3	1,450.5	299.4%	22.1%	120.8%
Total Current Assets	**537.9**	**1,465.9**	**1,965.7**	**172.5%**	**34.1%**	**91.2%**

Source: Annual Financial Statements and Management Information.

Current assets mostly consist of cash and cash equivalents. The increase in cash balance was the primary driver of the rise in total current assets.

Stores and Spares

The table below shows the stores and spares of the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.21: Stores and Spares

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Stores and Spares	12.8	11.9	9.7	(7.4%)	(18.5%)	(13.1%)
Less: Provision for Obsolescence	(8.4)	(8.4)	(6.5)	-	(22.4%)	(11.9%)
Total	**4.4**	**3.5**	**3.2**	**(21.3%)**	**(9.1%)**	**(15.4%)**

Source: Annual Financial Statements and Management Information.

Stores and Spares comprise of gasoline and spare parts for the Airbus A320 fleet's upkeep.

The balance fell by 21.3% from SAR 4.4 million as of December 31, 2021G to SAR 3.5 million as of December 31, 2022G, due to the continued use of these spare parts. The balance decreased by 9.1% from SAR 3.5 million as of December 31, 2022G to SAR 3.2 million as of December 31, 2023G, owing to continued usage within regular operations. The expansion in the number of new aircraft, combined with the existence of older aircraft, expands the scope and frequency of maintenance and repairs, necessitating the continued usage of spare parts and fuel.

It should be noted that the above maintenance procedures are carried out by third-party external parties. As a result, periodic assessments are performed to examine the specifications, technical, and engineering condition of the spare parts.

The following table shows the aging provisions as of December 31 for the years 2021G, 2022G, and 2023G.

Table 6.22: Aging Provisions

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
January 1	8.8	8.4	8.4	(4.4%)	-	(2.2%)
Utilized during the year	(0.4)	-	(1.9)	(100.0%)	-	120.3%
31 December	**8.4**	**8.4**	**6.5**	**-**	**(22.4%)**	**(11.9%)**

Source: Annual Financial Statements and Management Information.

Concerning the aging provision, the company conducts periodic evaluations to verify the condition of stores and spares, identifying any slow-moving or obsolete products and recording the appropriate provision.

It should be noted that no official inventory aging schedules are prepared by management.

According to current projections, there is 9.1 million SAR of inventory that has not been used in significant periods (between 2021G and 2023G), and more provisions may be recorded in future periods.

It should also be noted that the company has secured insurance coverage for spare parts (and inventory in general) from Tawuniya Insurance Company for 5.562 million SAR. The validity of the insurance coverage is from November 2023G to November 2024G.

The obsolescence provision balance remained steady at 8.4 million SAR between December 31, 2021G and December 31, 2022G, before decreasing by 22.4% to 6.5 million SAR as of December 31, 2023G. This drop is the result of reversing some previously recorded provisions.

The provisions address obsolete and slow-moving spare parts. Prior to 2023G, the company set aside provisions to cover a portion of its inventory that had not been used for an extended period. However, this inventory was used in 2023G for some maintenance, resulting in a reversal of provisions for the used spare parts.

Deposits for Aircraft

Detailed information about this item has been provided in section 6.8.1.4 "**Aircraft Deposits**" of this report.

Trade Receivables

The following table shows trade receivables as of December 31, 2021G, 2022G, and 2023G.

Table 6.23: Trade Receivables

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Third-Party Customers	146.8	194.2	286.1	32.3%	47.3%	39.6%
Related Parties	120.2	29.5	91.4	(75.4%)	209.3%	(12.8%)
Allowance for Expected Credit Losses	(162.5)	(77.8)	(77.8)	(52.1%)	0.0%	(30.8%)
Total	**104.5**	**145.9**	**299.7**	**39.6%**	**105.3%**	**69.3%**
The expected credit loss provision rate on receivable balances.	**60.8%**	**34.8%**	**20.6%**	**-**	**-**	**-**

Source: Annual Financial Statements and Management Information.

On a total balance level (before accounting for provisions), trade receivables decreased by 16.2% from SAR 267.0 million as of December 31, 2021G, to SAR 223.7 million as of December 31, 2022G. This decrease was influenced by the transfer of total receivables from National Air Services to the parent company in the amount of SAR 2.121 million. As a result of this transfer, the Company reversed SAR 93.0 million of its expected credit losses, which resulted in a decrease primarily in the provision for expected credit losses from SAR (162.5) million as of December 31, 2021, to SAR (77.8) million as of 31 December 2022G. Accordingly, the net transfer of accounts receivable amounting to SAR 28.1 million was recorded through accumulated losses.

The trade receivables balance increased by 68.7% from SAR 223.7 million as of December 31, 2022G, to SAR 377.5 million as of December 31, 2023G. This rise was driven by the increasing business activities and transactions with different customers and parties. As previously mentioned, the rise covered most of the company's business sectors.

A. Provision for Credit Losses

The following table shows the provision for credit losses as of December 31, 2021G, 2022G, and 2023G.

Table 6.24: Provision for Credit Losses

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
January 1	119.7	162.5	77.8	35.7%	(52.1%)	(19.4%)
Provision for Expected Credit Losses	42.8	8.4	0.0	(80.5%)	(99.8%)	(98.1%)
Gain on Transfer of Assets to the Owners	-	(93.0)	-	-	(100.0%)	N/A
31 December	**162.5**	**77.8**	**77.8**	**(52.1%)**	**0.0%**	**(30.8%)**

Source: Annual Financial Statements and Management Information.

In respect to accounts receivable management, the specific features of each customer have the greatest influence on the company's exposure to credit risk. However, management takes into account other factors that may have an impact on its customer base's credit risk, such as the default risk connected with the business sector and country in which its customers operate. The outstanding balance from the General Authority of Aviation and related parties account for the majority of the company's accounts receivable.

The company limits its credit risk exposure by setting a maximum payment period of one month for individual customers and three months for corporate customers. Customers are segmented based on credit characteristics such as being an individual or legal entity, type (wholesale, retail, end-user), geographic location, industry, trading history with the company, and any past financial difficulties.

The company handles credit risk associated with accounts receivable by monitoring according to specific policies and procedures. It aims to reduce credit risk by establishing credit limitations for independent customers and continuously monitoring outstanding receivables. Ongoing reviews of receivable balances show that the company's exposure to expected credit loss is low.

The company applies the simplified approach of IFRS 9 to measure expected credit losses on trade receivables, using a lifetime expected loss allowance for all financial assets measured at amortized cost and contract assets.

The projected loss rates are calculated using the payment patterns of trade receivables throughout the 36-months period preceding each reporting date, as well as the related historical credit losses during that time. These historical loss rates are modified to reflect current and forecasted information on macroeconomic factors influencing customers' ability to pay receivables. The company has chosen Saudi Arabia's GDP (where services are offered) as the most important element, and previous loss rates are adjusted depending on predicted changes in this component.

Regarding the decrease in the expected credit loss provision between 2021G and 2022G, as previously mentioned, in 2022G, the company transferred its accounts receivable balance from the National Flight Services Company to the parent company at its fair value of SAR 121.2 million. The company had booked a credit loss provision of SAR 93.0 million related to this amount. As a result, this provision was reversed after the transfer, explaining the significant decline in the credit loss provision balance.

No additional provisions were recorded between 2022G and 2023G, leading to a decrease in credit loss provision expenses from SAR 8.4 million to nearly zero. This was due to previously booked provisions being deemed sufficient to cover risks associated with uncollected and doubtful receivables.

B. Aging of Accounts Receivable

The following table shows the aging of accounts receivable as of December 31, 2023G.

Table 6.25: Aging of Accounts Receivable

SAR'm	Not Due	0-30 Days	30-60 Days	60-90 Days	91-180 Days	181-360 Days	>361 Days	Total
31 December 2023G	91.1	28.5	29.5	25.7	57.1	42.1	103.4	377.5
31 December 2022G	62.7	7.3	8.7	23.3	4.8	23.6	93.3	223.7
31 December 2021G	43.8	8.7	4.5	3.2	9.3	22.3	175.3	267.0

Source: Management Information

As stated in the table above, receivables overdue for more than 361 days accounted for 27.4% of the total accounts receivable balance as of December 31, 2023G. The company's management is attentive in overseeing the collection procedure. Despite the substantial magnitude of the late receivables, significant preparations have been made to offset any credit losses resulting from collection delays.

It is also worth noting that the company has no legal disputes with any of the customers who have overdue amounts.

Prepaid Expenses and Other Assets

The following table shows the prepaid expenses and other assets of the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.26: Prepaid Expenses and Other Assets

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Progress Payments for Aircraft Maintenance Expenditure	15.6	-	8.1	(100.0%)	-	(28.0%)
Receivable from Parent Company	-	-	24.7	-	-	N/A
Deposits to Vendors	49.1	55.9	44.6	13.9%	(20.3%)	(4.7%)
Deposits to Suppliers	4.2	22.5	18.8	438.1%	(16.8%)	111.6%
Prepayments	3.5	2.8	9.7	(20.9%)	248.8%	66.1%
Contract Assets	-	3.6	8.2	-	128.6	N/A
Other Receivables	2.5	4.4	6.0	72.6%	37.6%	54.1%
Total	**74.9**	**89.2**	**120.0**	**19.1%**	**34.5%**	**26.6%**

Source: Annual Financial Statements and Management Information.

Prepaid expenses and other assets were mostly concentrated in supplier deposits and advance payments to suppliers. These two components made up 71.2%, 87.9%, and 52.8% of the entire balance as of December 31, 2021G, 2022G, and 2023G, respectively.

The company recorded interim payments for aircraft maintenance expenses totaling 15.6 million SAR as of December 31, 2021G and 8.1 million SAR as of December 31, 2023G. These balances were related with periodic and additional maintenance procedures performed every three to five years, which explains the lack of a comparable balance as of December 31, 2022G.

Supplier deposits primarily represent guarantee margin deposits. The balance rose by 13.9% from 49.1 million SAR to 55.9 million SAR between December 31, 2021G, and December 31, 2022G, due to payments to leasing companies, airport management companies, and several government entities. It then decreased by 20.3% to 44.6 million SAR as of December 31, 2023G, following the realization for the mentioned leasing companies of 16.5 million SAR in deposits.

The advances to suppliers are primarily made to some foreign suppliers to cover tax liabilities, mainly for security and passenger services providers. The balance rose significantly by 438.1%, from 4.2 million SAR to 22.5 million SAR between December 31, 2021G, and December 31, 2022G, due to payments to key suppliers. It then decreased by 16.8% to 18.8 million SAR as of December 31, 2023G, as these advances were realized.

Prepaid amounts mainly included aircraft subscriptions and maintenance costs. The balance decreased by 20.9%, from 3.5 million SAR as of December 31, 2021G, to 2.8 million SAR as of December 31, 2022G, due to reduced rent, subscriptions, and maintenance expenses. It then rose by 248.8% to 9.7 million SAR as of December 31, 2023G, due to a 5.7 million SAR advance payment for hotel bookings in Mecca.

Contract assets represent the company's accumulated profits from short-term deposits kept in various financial institutions. The balance of contract assets increased by 128.6%, from 3.6 million SAR on December 31, 2022G to 8.2 million SAR on December 31, 2023G, owing to a rise in the value of deposits recorded between the periods.

Other receivables include advance benefits and housing expenses for employees, recovered via deductions from their salaries. The balance increased by 72.6% from 2.5 million SAR on December 31, 2021G, to 4.4 million SAR on December 31, 2022G, and further by 37.6% to 6.0 million SAR on December 31, 2023G. This rise is due to higher employee numbers from increased business activity. Advances to employees fluctuate with business operations and are influenced by the number of employees and approved requests.

Bank Deposits

The balance represents security deposits paid to suppliers, primarily for fuel, civil aviation authorities, and handling agents. These deposits are classified under cash and cash equivalents.

Cash and Cash Equivalents

The following table shows cash and cash equivalents for the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.27: Cash and Cash Equivalents

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Cash in Hand	1.0	1.1	1.2	10.3%	10.5%	10.4%
Cash at Banks	296.6	298.4	490.4	0.6%	64.3%	28.6%
Bank Deposits	-	888.8	958.8	-	7.9%	N/A
Cash Equivalents	**297.6**	**1,188.3**	**1,450.5**	**299.4%**	**22.1%**	**120.8%**
Bank Deposits - with Original Maturity of more than 3 Months	-	-	56.3	-	-	N/A
Bank and Cash and Cash Equivalents	**297.6**	**1,188.3**	**1,506.7**	**299.4%**	**26.8%**	**125.0%**

Source: Annual Financial Statements and Management Information.

Cash and cash equivalents include bank cash, cash on hand, and term deposits amounting to 888.8 million SAR and 1,015.1 million SAR as of December 31, 2022G, and December 31, 2023G, respectively.

Cash and cash equivalents increased by 299.4%, from 297.6 million SAR on December 31, 2021G to 1,188.3 million SAR on December 31, 2022G." This increase was principally driven by cash flows from financing activities, which increased significantly between 2021G and 2022G as the company received loans and funding from banks and financial institutions to meet business demands. (For more information on the nature and value of the mentioned loans, please refer to section (6.8.4.4) of this prospectus).

Term deposits are deposits with maturities of three months or more at the time of deposit, held by the company in various banks.

The balance of cash and cash equivalents rose by 22.1% from SAR 1,188.3 million on December 31, 2022G, to SAR 1,450.5 million on December 31, 2023G. This increase was due to higher deposits, cash in current accounts, and improved cash flows from operating and investing activities. The rise in operating cash flows resulted from increased annual profits and working capital changes, while investing cash flows benefited from proceeds from asset sales.

6.8.3 Equity

The table below shows the company's equity as of December 31, 2021G, 2022G, and 2023G.

Table 6.28: Equity

SAR'm	Financial Period ended 31 December			Increase/(Decrease)		CAGR
	2021G	2022G	2023G	December 2021G-2022G	December 2022G-2023G	2021G-2023G
Share Capital	1,534.3	1,534.3	1,534.3	-	-	-
Statutory Reserves	0.2	0.2	0.2	-	-	-
Accumulated Losses	(856.9)	(695.2)	(308.3)	(18.9%)	(55.7%)	(40.0%)
Net Equity	**677.5**	**839.2**	**1,226.1**	**23.9%**	**46.1%**	**34.5%**

Source: Annual Financial Statements and Management Information.

Share Capital

The company's equity balance is concentrated in its capital. The capital balance remained unchanged from December 31, 2021G, to December 31, 2023G, consisting of 153,425,000 shares with a value of 10 SAR per share.

Statutory Reserves

Under the provisions of the Companies Law in the Kingdom of Saudi Arabia and the company's bylaws, 10% of net income must be allocated to a legal reserve until it equals 30% of capital. This reserve is non-distributable to the company's shareholders. No transfer occurred during the current period due to accumulated losses.

Accumulated Losses

The company's accumulated losses were SAR 856.9 million and SAR 695.2 million as of December 31, 2021G and December 31, 2022G, respectively. The relative drop in losses (by 18.9%) was attributed to increasing gross profit, which was driven by higher revenue and other benefits, such as earnings from asset transfers to owners, equipment sales, and the reversal of anticipated credit losses throughout the period.

The accumulated losses fell by 55.7% from SAR 695.2 million on December 31, 2022G to SAR 308.3 million on December 31, 2023G, owing to a 133.7% increase in annual profit, which rose from SAR 171.7 million to SAR 401.3 million between 2022G and 2023G.

Concerning profit distributions, it is worth noting that the company did not distribute any earnings between 2021G and 2023G, despite having an extensive dividend policy. Except for the transfer of the accounts receivable balance to a net book value, amounting to SAR 28.1 million, from one of the parent company's shareholders to the parent company itself in 2022G, which was considered a non-cash dividend distribution.

The accumulation of losses during these years restricted the company's ability to distribute profits.

6.8.4 Non-Current Liabilities

The following table shows the non-current liabilities as of December 31, 2021G, 2022G, and 2023G.

Table 6.29: Non-Current Liabilities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Trade and other Payables	316.5	221.8	124.0	(29.9%)	(44.1%)	(37.4%)
Lease Liabilities	2,520.9	3,230.5	4,984.4	(28.1%)	54.3%	40.6%
Aircraft and related provisions	1,080.5	1,604.8	2,666.6	48.5%	66.2%	57.1%
Loans	-	844.7	425.2	-	(49.7%)	na
Contract Liabilities	198.6	195.2	231.5	(1.7%)	18.6%	8.0%
Total non current liabilities	**4,116.4**	**6,097.1**	**8,431.7**	**48.1%**	**38.3%**	**43.1%**

Source: Annual Financial Statements and Management Information

Non-current liabilities were primarily concentrated in lease liabilities and aircraft-related provisions. The increase in these liabilities was the main factor contributing to the overall rise in non-current liabilities.

6.8.4.1 Trade Payables and Other Payables

The following table shows the trade payables and other payables of the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.30: Trade Payables and Other Payables

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Trade payables	1,242.5	928.7	1,030.9	(25.3%)	11.0%	(8.9%)
Accrued expenses	399.5	485.5	518.0	21.5%	6.7%	13.9%
Passenger taxes payable	152.2	163.2	125.5	7.3%	(23.1%)	(9.2%)
Taxes payable (Zakat and VAT)	39.8	33.2	43.4	(16.8%)	30.8%	4.3%
Due to related parties	7.3	25.3	8.8	249.0%	(65.4%)	9.9%
Other payables	211.5	211.6	151.9	0.0%	(28.2%)	(15.3%)
Total	**2,052.8**	**1,847.6**	**1,878.5**	**(10.0%)**	**1.7%**	**4.3%**
Non-current portion	(316.5)	(221.8)	(124.0)	(29.9%)	(44.1%)	(37.4%)
Total	**1,736.3**	**1,625.7**	**1,754.5**	**(6.4%)**	**7.9%**	**0.5%**

Source: Annual Financial Statements and Management Information

Trade payables, accrued expenses, and payable passenger taxes constituted 97.7%, 96.8%, and 97.2% of the total trade payables and other payables as of December 31, 2021G, 2022G, and 2023G, respectively.

Trade payables are amounts owed by the company to various suppliers, mainly the General Authority of Civil Aviation, ground service providers and operators, airport management companies, and catering companies. (Trade payables accounted for 38.7%, 39.9%, and 26.6% of total payables as of December 31, 2021G, December 31, 2022G, and December 31, 2023G, respectively).

The grace period granted by suppliers extends up to 30 days, except for fuel suppliers and leasing companies (where the grace period ranges between 7 to 15 days). The trade payables balance decreased by 25.3% from SAR 1,242.5 million to SAR 928.7 million between December 31, 2021G, and December 31, 2022G, due to continuous payments made by the company. The trade payables balance then increased by 11.0% from SAR 928.7 million as of December 31, 2022G, to SAR 1,030.9 million as of December 31, 2023G, due to increased operations and transactions with suppliers.

Accrued expenses include various costs such as, salaries and benefits payable, sales commissions, accrued interest, and other costs. The balance increased by 21.5% from SAR 399.5 million as of December 31, 2021G, to SAR 485.5 million as of December 31, 2022G, due to unbilled services from the General Authority of Civil Aviation, airport transportation expenses, and Jeddah Airport services. The balance further increased by 6.7% from SAR 485.5 million as of December 31, 2022G, to SAR 518.0 million as of December 31, 2023G, due to higher payables to an aircraft leasing company.

Regarding the taxes classified under trade payables, these include passenger taxes payable and other taxes payable. Passenger taxes payable are the amounts owed to government authorities for taxes levied on travelers using the company's flight routes. The balance of these taxes increased by 7.3% from SAR 152.2 million as of December 31, 2021G, to SAR 163.2 million as of December 31, 2022G. This increase was associated with the launch of new routes to Qatar, France, Albania, the Czech Republic, and Montenegro. The balance then decreased by 23.1% from SAR 163.2 million as of December 31, 2022G, to SAR 125.5 million as of December 31, 2023G, due to passenger tax payments in Saudi Arabia and the launch of new routes to Bangladesh, Morocco, Ethiopia, Algeria, Bahrain, Belgium, and Kazakhstan.

The balance payable to related parties represents amounts owed to several companies (NAS Holding Company, NAS Private Aviation Limited, and Kal Air Limited) for various services, including flight management and aircraft services. The balance increased by 249.0% from SAR 7.3 million as of December 31, 2021G, to SAR 25.3 million as of December 31, 2022G, due to the company receiving advance payments from several sister companies for services provided (flight management and aircraft services). The balance then decreased by 65.4% from SAR 25.3 million as of December 31, 2022G, to SAR 8.8 million as of December 31, 2023G, due to payments made by the company during 2023G. For more information on the nature of transactions with related parties, refer to section 6.8.5 "**Transactions with Related Parties**" of this prospectus.

Regarding other payables, they mainly included the withholding tax on lease contracts which is a provision periodically reserved to cover due tax amounts. The balance of this provision fluctuates periodically. It should be noted that while the mentioned tax was calculated on all lease contracts before 2022G, it is currently evaluated only for the required contracts. The balance of other payables remained nearly stable between December 31, 2021G, at SAR 211.5 million, and December 31, 2022G, at SAR 211.6 million. It then recorded a 28.2% decrease to SAR 151.9 million as of December 31, 2023G, following the reversal of certain provisions previously booked. It is worth noting that withholding tax is related to payments made by the company to foreign lessors, where the company is required to pay 5.0% of the total amounts paid to them. Additionally, the company is liable for withholding tax on amounts that some customers may grant as donations. The company had previously booked provisions for withholding tax, but in 2023G, it was determined that the provision exceeded the actual payable amount. This led to the reversal of the provision, resulting in the mentioned decrease.

The following table shows the aging of the company's trade payables as of December 31, 2023G.

Table 6.31: Age of Trade Payables

SAR'm	Not Due	0-30 Days	31-60 days	60-90 days	91-120 days	121-180 days	181-365 days	>365 days	Unallocated	Total
31 December 2023G	91.6	85.0	112.8	76.5	46.8	89.4	58.7	464.7	5.3	1,030.9

Source: Management Information

Although the grace period granted by suppliers ranges from 7 to 30 days, the aging schedule of trade payables shows that the balance of payables overdue for more than a year (over 365 days) amounted to 464.7 million SAR as of December 31, 2023G (45.1% of total payables).

The delay in settling payables can be attributed to ongoing transactions with suppliers. All balances will be settled in the normal course of business.

6.8.4.2 Lease Liabilities

The following table shows the company's lease liabilities as of December 31, 2021G, 2022G, and 2023G.

Table 6.32: Lease Liabilities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Change in Accounting Policies						
January 1 (amended)	1,651.4	2,783.0	3,631.7	68.5%	30.5%	25.8%
Additions	1,576.7	1,224.6	2,307.1	(22.3%)	88.4%	21.0%
Finance cost	138.9	137.6	251.2	(0.9%)	82.6%	34.5%
Payments	(549.7)	(499.7)	(664.9)	(9.1%)	(33.1%)	(10.0%)
Total	**2,783.0**	**3,631.7**	**5,525.0**	**30.5%**	**52.1%**	**40.9%**

Source: Annual Financial Statements and Management Information

The lease liabilities recorded by the company from 2021G to 2023G were primarily for aircraft acquired under finance leases, as well as improvements to leased assets and maintenance assets. The company recognizes right-of-use assets and lease liabilities at the lease commencement date. The right-of-use asset is initially measured at cost, including the initial lease liability amount adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and estimated dismantling and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of unpaid lease payments, discounted using the interest rate implicit in the lease, or the company's incremental borrowing rate if the implicit rate is not easily determined.

The balance of lease liabilities increased by 30.5% from SAR 2,783.0 million as of December 31, 2021G, to SAR 3,631.7 million as of December 31, 2022G after the company acquired eight additional aircraft in 2022G. The balance of lease liabilities increased by 52.1% from SAR 3,631.7 million as of December 31, 2022G, to SAR 5,525.1 million as of December 31, 2023G. This increase was influenced by the additional aircraft the company acquired from 56 aircraft in 2022G to 58 aircraft in 2023G, to meet the rising business demands.

6.8.4.3 Aircraft-Related Provisions

The table below shows the aircraft-related provisions for the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.33: Aircraft-Related Provisions

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
January 1	642,4	1,228.2	1,705.5	91,2%	38.9%	62.9%
Additions	622,6	604.1	1,092.6	(3,0%)	80.9%	32,5%
Finance cost	17.7	62.2	126.2	252,0%	103.0%	167.3%
Payments	(54,5)	(188.9)	(100.8)	246,5%	(46.7%)	35.9%
	1,228.2	**1,705.5**	**2,823.6**	**38,9%**	**65.6%**	**51,6%**
Current portion	147.7	100.8	157.0	(31,8%)	55.8%	3,1%
Non-current portion	1,080.5	1,604.8	2,666.6	48,5%	66.2%	57.1%
Total	**1,228.2**	**1,705.5**	**2,823.6**	**38,9%**	**65.6%**	**51,6%**

Source: Annual Financial Statements and Management Information

The value of these provisions increased cumulatively by 38.9%, from SAR 1.2 billion as of December 31, 2021G, to SAR 1.7 billion as of December 31, 2022G with an additional increase of 65.6% to SAR 2.8 billion as of December 31, 2023G. This increase was driven by the addition of maintenance provisions for 8 new aircraft in 2022G and 19 new aircraft in 2023G.

Note that these provisions were classified under lease liabilities as of December 31, 2021G.

It is worth noting that the mentioned provisions are related to periodic maintenance expenses that the company is obligated to perform according to the capital lease agreements it has entered into. The provisions are booked based on the terms of the contracts, which specify the frequency and scope of the required maintenance work.

Regarding the increase in the value of provisions, the rise was in line with the increase in the value, scope, and number of contracts the company entered into during 2023G. As mentioned earlier, the number of aircraft acquired under capital lease agreements increased from 56 aircraft in 2022G to 58 aircraft in 2023G.

6.8.4.4 Loans

The table below shows the company's loans as of December 31, 2021G, 2022G, and 2023G.

Table 6.34: Loans

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Murabaha Facility	-	843.8	625.2	-	(25.9%)	na
Saudi Industrial Development Fund	297.9	224.9	75.0	(24.5%)	(66.6%)	(49.8%)
Saudi Industrial Development Fund	-	164.5	144.5	-	(12.2%)	na
Payments	-	(188.9)	(100.8)	-	(46.7%)	na
Total	**297.9**	**1,233.1**	**844.7**	**314.0%**	**(31.5%)**	**68.4%**

Source: Annual Financial Statements and Management Information

The company secured several loans between 2021G and 2022G, primarily to support working capital and general operations. The loan balance increased by 314.0% from SAR 297.9 million as of December 31, 2021G, to SAR 1,233.1 million as of December 31, 2022G. This increase was driven by a SAR 2.25 billion Murabaha loan from a group of banks, with the first withdrawal of SAR 843.75 million completed in 2022G, and an additional loan from the Saudi Industrial Development Fund in 2022G for the same purpose.

The total loan balance decreased by 31.5% from SAR 1,233.1 million as of December 31, 2022G, to SAR 844.7 million as of December 31, 2023G, due to the company's repayment of a significant portion of the outstanding loans.

A. Financing Structure

The table below shows the financing structure as of December 31, 2023G.

Table 6.35: Financing Structure - December 31, 2023G.

Loan and Currency	Purpose of Loan	Payment Schedule	Loan Limit	Amount Used	Maturity Date
Murabaha	Financing working capital requirements and other project needs	Quarterly / Annually	SAR 2.3 billion	SAR'm 843.8	28th February, 2026G
Long-term loan Saudi Industrial Development Fund		Quarterly	SAR'm 164.5	SAR'm 164.5	2nd June, 2025G
Long-term loan Saudi Industrial Development Fund		Quarterly	SAR'm 300.0	SAR'm 300.0	8th February, 2024G

Source: Annual Financial Statements and Management Information

Murabaha Agreement

In 2022G, the company signed a master Murabaha agreement ("the facility") with a group of banks through a participating agent for SAR 2.3 billion. The first withdrawal request of SAR 843.8 million was completed in 2022G. The repayment plan is divided into thirty-six equal monthly installments starting in March 2023G.

The facility is a commitment against some accounts receivable related to transactions with the International Air Transport Association (IATA) under the Billing and Settlement Plan (BSP). As part of the IATA BSP arrangement, the company directs and authorizes IATA to pay certain accounts receivable into the facility's collateral agent's account.

The facility carries a profit margin of 2.25% plus the prevailing one-month Saudi Interbank Offered Rate (SIBOR) and includes financial covenants related to minimum cash balance, net financial support, and debt service coverage ratios. The company has complied with all its covenants up to December 31, 2023G.

Saudi Industrial Development Fund Loans

In 2020G, the company secured a loan of SAR 300.0 million from the Saudi Industrial Development Fund. In August 2022G, the company repaid the first installment on this loan and rescheduled the remaining amount into three equal semi-annual installments of SAR 75.0 million each, starting from February 2023G and ending in February 2024G. The company treated this change as an amendment to the existing facility, with the resulting profit from the restructuring recorded in profit or loss as part of finance income.

It is worth mentioning that the company fully repaid the loan in February 2024G.

During 2022G, the company secured an additional loan facility of SAR 164.5 million from the Saudi Industrial Development Fund under the Transport Sector Support Initiative. The loan is to be repaid in four semi-annual installments starting from December 2023G and extending until June 2025G.

The loans from the Saudi Industrial Development Fund include financial commitments such as restrictions on dividend distributions, using any share issuance to repay the loan, and applying the loan for its intended purposes. The company was in compliance with all its commitments as of December 31, 2023G.

6.8.4.5 Contract Liabilities

The table below shows the contract liabilities for the company as of December 31 for the years 2021G, 2022G, and 2023G.

Table 6.36: Contract Liabilities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Unutilized tickets	164.4	176.3	322.1	7.2%	82.8%	40.0%
Customer loyalty points	16.6	16.7	9.1	0.3%	(45.2%)	(25.9%)
Advances from customers	12.5	2.8	3.9	(77.9%)	42.4%	(43.9%)
Advances from customers	12.5	2.8	3.9	(77.9%)	42.4%	(43.9%)
Total	**193.5**	**195.7**	**335.2**	**1.2%**	**71.3%**	**31.6%**

Source: Annual Financial Statements and Management Information

As shown in the table above, contract liabilities consist of unused tickets, which represented 85.0%, 90.1%, and 96.1% of the total contract liabilities as of December 31, 2021G, 2022G, and 2023G, respectively.

Regarding unused tickets, they are associated with sold flight tickets that have not yet been used (i.e., the flight has not taken off). The value of unused tickets includes the ticket price, taxes, and administrative fees. The balance of unused tickets increased gradually by 7.2% from SAR 164.4 million as of December 31, 2021G, to SAR 176.3 million as of December 31, 2022G, with an additional rise of 82.8% to SAR 322.1 million as of December 31, 2023G. This continuous increase is attributed to the ongoing growth in business activity throughout 2023G.

Customer loyalty points are associated with the Nas Miles program managed by the company. This program allows customers to book flights, add baggage, and access lounges with Flynas, earning one Smile point for every Saudi riyal spent. (Every 50 Nasmiles points can be converted to one Riyal point). The balance of customer loyalty points remained unchanged between December 31, 2021G, and December 31, 2022G, then decreased by 45.2% from SAR 16.7 million on December 31, 2022G, to SAR 9.1 million on December 31, 2023G, due to changes in the Nas Miles points validity terms which are now valid for one year from the date of accumulation.

The balance of advance payments from customers decreased by 77.9% from SAR 12.5 million as of December 31, 2021G, to SAR 2.8 million as of December 31, 2022G, due to the refund of advance payments made by several Hajj campaigns that had been paid at earlier times. (In some cases, amounts are paid in advance by the campaigns or customers participating in Umrah and Hajj activities, and if the project fails for reasons related to the customer (the campaign), the amount is refunded by the company).

6.8.4.6 Employee End-of-Service Benefits

The table below shows the employee end-of-service benefits liabilities for the company as of December 31, 2021G, 2022G, and 2023G.

Table 6.37: Employee End-of-Service Benefits Liabilities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
January 1	181.1	198.6	195.2	9.6%	(1.7%)	3.8%
Charged to the Year	26.1	30.2	35.1	16.0%	16.3%	16.1%
Benefits Paid	(17.8)	(15.4)	(13.3)	(13.1%)	(13.8%)	(13.5%)
Loss/(Gain) from Revaluation	9.2	(18.1)	14.4	(297.5%)	(179.7%)	25.5%
Total End-of-Service Benefits	**198.6**	**195.2**	**231.5**	**(1.7%)**	**18.6%**	**8.0%**

Source: Annual Financial Statements and Management Information

Employee end-of-service benefits are provided according to the Saudi Labor Law. They represent a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation for employee end-of-service benefits recognized in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation as of the statement of financial position date. The defined benefit obligation is calculated using the projected unit credit method. Actuarial gains or losses, if any, are recognized and included in other reserves in the statement of changes in equity, with a credit or debit entry to other comprehensive income, which consists of the remeasurement of the defined benefit obligation.

The end-of-service benefit liability decreased by 1.7% from SAR 198.6 million as of December 31, 2021G, to SAR 195.2 million as of December 31, 2022G, due to actuarial gains recorded in the study conducted during 2022G. The liability then increased by 18.6% to SAR 231.5 million as of December 31, 2023G, due to higher current year costs and actuarial losses during the period. It should be noted that the actuarial studies conducted at the end of each year are based on several assumptions, such as the number of employees, salary and benefits increase rates, as well as the number of years of service.

6.8.5 Transactions with Related Parties

The table below shows the company's transactions with related parties as of December 31, 2021G, 2022G, and 2023G.

Table 6.38: Transactions with Related Parties

SAR'm Related parties	Nature of relationship	FY21	FY22	FY23
Key management personnel	Short-term employee benefits	30.9	35.5	31.5
	Retirement benefits – end of service benefits	2.3	2.1	1.7
Total		**33.2**	**37.6**	**33.3**
Other related parties				
An entity under common control	Revenue – General aviation	55.9	71.4	93.6
An entity under common control	Revenue	35.9	0.2	22.6
An entity under common control	Cost of service	(4.1)	(7.9)	(115.6)
Parent company	Transfer of assets to owners	-	28.1	-
Total		**87.7**	**91.8**	**0.6**

Source: Annual Financial Statements.

Transactions with related parties involved various services, including aviation management, ticketing, accommodation, insurance, hotel booking, and other services.

Transactions with Key Management Personnel

For disclosure requirements under International Accounting Standard 24 "Related Party Disclosures," the term "key management personnel" includes individuals with authority and responsibility for planning, directing, and controlling the company's activities, directly or indirectly, including any manager in the company.

Transactions with these personnel include short-term and long-term benefits. Short-term benefits cover salaries and allowances, while long-term benefits include end-of-service expenses.

Overall, transactions with key management personnel increased from SAR 33.2 million in 2021G to SAR 37.6 million in 2022G, due to a rise in the number of employees. Between 2022G and 2023G, these transactions decreased from SAR 37.6 million to SAR 33.3 million. The value of these transactions fluctuates in the normal course of business, influenced by both the number of key personnel and the timing of benefit payments, especially long-term benefits.

Transactions with Other Related Parties (Affiliated Companies)

Transactions with other related parties mainly involve their use of the company's services, primarily aviation and management services. These transactions were conducted on mutually agreed terms.

Table 6.39: Related Party Balances

SAR'm	Nature of Relationship	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
					2021G-2022G	2022G-2023G	2021G-2023G
Due from related parties							
NAS Private Aviation Company Limited -NAS Jet	Associate		28.8	69.4	-	141.1%	na
Kingdom Holding Company	Shareholder of the Parent	0.2	0.2	-	0.0%	(100.0%)	(100.0%)
KalAir International Limited	An entity under common control	45.4	-	22.0	(100.0%)	-	(30.4
KalAir Limited	An entity under common control	54.9	-	-	(100.0%)	-	(100.0%)
Others - Al Reem Aviation Limited	An entity under common control	18.3	0.5	-	(97.2%)	(100.0%)	(100.0%)
Woodlock Company	An entity under common control	1.5	-	-	(100%)	-	(100%)
Portfolio Aviation Limited	An entity under common control	0.0	0.1	-	-	(100%)	(100%)
Total		**120.2**	**29.5**	**91.4**	**(75.4%)**	**209.3%**	**(12.8%)**
Due to related parties							
NAS Holding Company	Parent Company	-	20.0	-	-	(100.0%)	na
NAS Private Aviation Company Limited – NAS Jet	Associate	7.3	-	-	(100.0%)	-	(100.0%)
Saudi Air Navigation Services Co.	Common directorship	-	-	5.3	-	-	na
KalAir Limited	An entity under common control	-	4.5	3.3	-	(25.9%)	na
Due to related parties							
Kingdom City	An entity under common control	0.0	0.0	0.1			43.6%
Portfolio Aviation Limited	An entity under common control	0.0	0.8	(0.1)	136.8%	n.a	n.a
Total		**7.3**	**25.3**	**8.8**	**246.6%**	**(65.4%)**	**9.9%**

Source: Annual Financial Statements and Management Information.

Receivables from Related Parties

Receivables from related parties decreased by 75.4%, from SAR 120.2 million as of December 31, 2021G, to SAR 29.5 million as of December 31, 2022G, due to ongoing collection efforts. The balance then increased by 209.3%, from SAR 29.5 million as of December 31, 2022G, to SAR 91.4 million as of December 31, 2023G. This increase was driven by payments made by the company on behalf of related parties, specifically Nas Holding.

Payables to Related Parties

Payables to related parties increased by 246.6%, from SAR 7.3 million as of December 31, 2021G, to SAR 25.3 million as of December 31, 2022G, driven by advance payments received from affiliated companies for services (aviation management and other services mentioned above). The balance then decreased by 65.4%, from SAR 25.3 million as of December 31, 2022G, to SAR 8.8 million as of December 31, 2023G, due to payments recorded in 2023G.

6.8.6 Current Liabilities

The table below shows the company's current liabilities as of December 31, 2021G, 2022G, and 2023G.

Table 6.40: Current Liabilities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Trade and other Payables	1,736.3	1,625.7	1,754.5	(6.4%)	7.9%	0.5%
Lease Liabilities	262.1	401.2	540.6	53.1%	34.8%	43.6%
Aircraft and related provisions	147.7	100.8	157.0	(31.8%)	55.8%	3.1%
Loans	297.9	388.4	419.5	30.4%	8.0%	18.7%
Contract Liabilities	193.5	195.7	335.2	1.2%	71.3%	31.6%
Total	**2,637.5**	**2,711.8**	**3,206.8**	**2.8%**	**18.3%**	**10.3%**

Source: Annual Financial Statements and Management Information.

Regarding current liabilities, they represent the current portion of similar items classified under non-current liabilities, explained in previous sections.

Current liabilities were mainly concentrated in trade and other payables, comprising 65.8%, 60.0%, and 54.7% of the total balance as of December 31, 2021G, 2022G, and 2023G, respectively.

There was no significant change in the total current liabilities balance between December 31, 2021G, and December 31, 2022G, with a slight increase of 2.8% from SAR 2,637.5 million to SAR 2,711.8 million, due to higher lease liabilities and loans. The rise in lease liabilities was driven by the acquisition of more leased aircraft during the period, while the increase in loan balances was due to additional loans obtained in 2022G to support working capital requirements.

The total current liabilities balance increased by 18.3%, from SAR 2,711.8 million on December 31, 2022G, to SAR 3,206.8 million on December 31, 2023G, due to higher trade payables, loans, and lease liabilities. The rise in trade payables was due to increased operations and supplier transactions, while the increase in lease liabilities was related to the number of aircraft acquired under finance lease agreements.

6.9 Cash Flows

The following table shows the company's cash flows for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.41: Cash Flows

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Net cash generated from operating activities	625.7	522.3	1,305.2	(16.5%)	149.9%	44.4%
Net cash (used in)/generated from investing activities	(234.9)	17.7	73.6	(107.5%)	316.7%	NA
Net cash (used in)/generated from financing activities	(528.6)	350.8	(1,116.7)	(166.4%)	418.3%	45.3%
Net (decrease)/increase in cash and cash equivalents	**(137.8)**	**890.8**	**262.2**	**(746.2%)**	**(70.6%)**	**NA**
Cash and cash equivalents at the beginning of the year	435.4	297.6	1,188.3	(31.7%)	299.4%	65.2%
Cash and cash equivalents at the end of the year	**297.6**	**1,188.3**	**1,450.5**	**299.4%**	**22.1%**	**120.8%**

Source: Annual Financial Statements and Management Information.

Cash and cash equivalents balance increased by 299.4%, from SAR 297.6 million in 2021G to SAR 1,188.3 million in 2022G, driven by cash flows from investing and financing activities. Cash flows from investing activities were primarily from the sale of equipment and supplies, while cash flows from financing activities were from loans obtained from various banks and financial institutions.

Between 2022G and 2023G, cash and cash equivalents increased by 22.1%, from SAR 1,188.3 million to SAR 1,450.5 million. This rise was due to higher cash flows from operating and investing activities. Operating cash flows were driven by higher annual profits and changes in working capital, while investing cash flows were mainly influenced by proceeds from sale and leaseback transactions for new aircraft added to the fleet.

6.9.1 Net Cash Flows from Operating Activities

The following table shows the net cash flows from operating activities for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.42: Cash Flows from Operating Activities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Profit for the year before zakat	20.7	177.7	417.9	757.3%	135.2%	349.0%
Adjustments:						
Depreciation on equipment and fixtures	41.6	50.2	63.8	20.8%	27.1%	23.9%
Depreciation on right-of-use assets	506.8	603.5	726.9	19.1%	20.5%	19.8%
Provision for employees' end of service benefits liabilities	26.1	30.2	35.1	16.0%	16.3%	16.1%
Finance income	(0.1)	(12.9)	(51.9)	14,685.9%	303.0%	2341.0%
Finance cost	167.8	277.7	503.0	65.6%	81.1%	73.2%
Gain on sale of equipment and fixtures and termination leases	(130.7)	(135.5)	(283.2)	3.7%	108.9%	47.2%
Provision for expected credit losses	42.8	8.4	0.0	(80.5%)	(99.8%)	(98.1%)
Total adjustments	**674.8**	**999.3**	**1,411.7**	**48.1%**	**41.3%**	**44.6%**
Operating cash flows before working capital changes						
Stores and spares	2.0	0.9	0.3	(52.2%)	(66.3%)	(59.9%)
Deposits for aircraft	23.5	8.7	1.5	(62.9%)	(83.2%)	(75.0%)
Trade receivables	(21.2)	(77.9)	(153.7)	267.7%	97.4%	169.4%
Prepayments and other current assets	27.2	(14.3)	(30.8)	(152.7%)	114.9%	0
Trade and other payables	80.5	(205.3)	(1.1)	(355.0%)	(99.5%)	0
Aircraft related provisions	(83.5)	(188.9)	(100.8)	126.2%	(46.7%)	9.8%
Contract liabilities	(59.9)	2.2	139.5	(103.7%)	6,149.0%	0
Operating cash flows generated after changes in working capital						
Employees' benefits paid	(17.8)	(15.4)	(13.3)	(13.1%)	(13.7%)	(13.4%)
Finance income received	0.1	12.9	51.9	14,685.9%	303.0%	2341.0%
Net cash generated from operating activities	**625.7**	**522.3**	**1,305.2**	**(16.5%)**	**149.9%**	**44.4%**

Source: Annual Financial Statements and Management Information.

Net cash generated flows from operating activities decreased from SAR 625.7 million in 2021G to SAR 522.3 million in 2022G. Although the increase in profit before zakat had a positive impact on operating cash flows, the rise in trade receivables and the decrease in trade payables offset this increase, resulting in steady cash flow values.

Between 2022G and 2023G, cash flows from operating activities increased by 149.9% from SAR 522.3 million to SAR 1,305.2 million. This rise was primarily driven by a 135.2% increase in annual profit, from SAR 177.7 million in 2022G to SAR 417.9 million in 2023G. Additionally, movements in trade payables, credit balances, and contract liabilities contributed to the increased cash flows. While trade and other payables significantly decreased from December 31, 2021G, to December 31, 2022G (a 10.0% drop from SAR 2,052.8 million to SAR 1,874.6 million), the balance remained almost unchanged between December 31, 2022G, and December 31, 2023G (SAR 1,847.8 million and SAR 1,878.5 million, respectively).

On the other hand, contract liabilities increased by 71.3%, from SAR 195.7 million as of December 31, 2022G, to SAR 335.2 million as of December 31, 2023G, due to the higher level of business activity.

6.9.2 Net Cash Flows from Investing Activities

The following table shows the net cash flows from investing activities for the financial years ending December 31, 2021G, 2022G, and 2023G.

Table 6.43: Cash Flows from Investing Activities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Acquisition of equipment and fixtures	(365.6)	(113.8)	(138.7)	(68.9%)	22.0%	(38.4%)
Investment in bank deposits	-	-	(56.3)	-	-	na
Proceeds from the sale of equipment and fixtures	130.7	131.4	268.6	0.6%	104.4%	43.4%
Net cash (used in)/ generated from investing activities	**(234.9)**	**17.7**	**73.6**	**(107.5%)**	**316.7%**	**na**

Source: Annual Financial Statements and Management Information.

The company recorded an outflow of cash used in investing activities amounting to 234.9 million SAR in 2021G, which later turned into a positive inflow of 17.7 million SAR in 2022G. While the negative cash flows in 2021G were related to the purchase of fixed assets, equipment, and installations, the positive cash flows in 2022G were mainly due to proceeds from sale and leaseback transactions for the new aircraft added to the fleet.

Net cash flows generated from investing activities increased by 316.7%, from 17.7 million SAR in 2022G to 73.6 million SAR in 2023G. This rise was mainly due to a sale and leaseback transaction the company executed in 2023G, adding 19 aircraft to the fleet within right of use assets during 2023G.

6.9.3 Net Cash Flows from Financing Activities

The following table shows the net cash flows from financing activities for the financial years ending on December 31, 2021G, 2022G, and 2023G.

Table 6.44: Net Cash Flows from Financing Activities

SAR'm	FY2021G	FY2022G	FY2023G	Increase/(Decrease)		CAGR
				2021G-2022G	2022G-2023G	2021G-2023G
Payment of lease liabilities	(369.6)	(365.6)	(413.7)	(1.1%)	13.1%	5.8%
Proceeds from loan	-	1,008.3	-	-	(100.0%)	na
Repayment of loan	-	(75.0)	(388.4)	-	417.9%	na
Finance cost paid	(159.1)	(216.8)	(314.6)	36.3%	45.1%	40.6%
Net cash (used in)/ generated from financing activities	**(528.6)**	**350.8**	**(1,116.7)**	**(166.4%)**	**(418.3%)**	**45.3%**

Source: Annual Financial Statements and Management Information.

As with investment activities, the company recorded a negative cash flow used in financing activities in 2021G, which later turned into a positive cash flow in 2022G. Generally, the movement of cash flows from financing activities was related to the movement of loans and lease liabilities.

The negative cash flows in 2021G were primarily due to the repayment of lease liabilities for leased aircraft and the payment of financing costs related to aircraft financing.

On the other hand, the positive cash flows during 2022G were related to additional loans the company obtained in that year.

The company recorded negative cash flows from financing activities amounting to SAR 1,116.7 million in 2023G, resulting from successive repayments of loans and lease liabilities between the mentioned years.

6.10 Contingent and Potential Liabilities

The following table outlines the contingent and potential liabilities for the financial years ending on December 31, 2021G, 2022G, and 2023G.

Table 6.45: Contingent and Potential Liabilities

SAR'm	FY2021G	FY2022G	FY2023G
Purchase of aircraft	11,986.9	9,320.7	15,012.2
Bank Guarantee	0.5	1.0	7.0
Performance Guarantee	1.8	2.0	1.8
Standby LC	27.5	181.4	597.9

Source: Management Information.

Capital Commitments

As shown in the table above, capital commitments amounted to SAR 11,986.9 million, SAR 9,320.7 million, and SAR 15,012.2 million for the years 2021G, 2022G, and 2023G, respectively.

These commitments primarily represent obligations to Airbus for the purchase of 73 aircraft, expected to be delivered by 2030G.

Letters of Guarantee

Letters of guarantee have been issued to the Civil Aviation Authority and various airport management companies. These guarantees are typically issued at the request of these entities before commencing operations.

Performance Guarantees

The company has issued several performance guarantees to various airlines and airport management companies at their request to commence operations.

Letters of Credit

These letters have been issued to a leasing company against certain deposits and maintenance reserves as per agreements with several banks.

Reissuance of financial statements including prior year adjustments and comparative information

The Company's financial statements for the financial years ended 31 December 2022G and 2023G have been reissued due to a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. This may result in a risk regarding the possibility of the reissuance of the Company's financial statements if necessary.

Reason for Re-issuance (Amendment 1):

The financial statements for the year ended 31 December 2022G have been reissued because of a change in the accounting policy relating to the distribution of non-cash assets to Shareholders. During the year ended 31 December 2022G, the Company transferred to NAS Holding (the parent company at that time) for no consideration its receivable balance from the National Flight Services Company (a non-controlling shareholder of the parent company at that time) to NAS Holding (the parent company at that time), in the sum of SAR 121,162,264. In the previously issued financial statements, this transfer was treated as a non-cash asset distribution to NAS Holding (the parent company at that time) at fair value. Since the asset was controlled by NAS Holding (the parent company at that time) before and after the distribution, IFRIC 17 ("Distributions of Non-Cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (Paragraphs 10-12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice.

The receivable had previously been carried at SAR 28.1 million, net of an expected credit loss of SAR 93.0 million. In light of the credit quality improvements during the year ended 31 December 2022G, before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121.2 million as such as gain on distribution of SAR 93.0 million was recognized in profit or loss. As of the date of this Prospectus, the Company has changed its accounting policy, now treating the distribution at net book value instead of the fair value. Therefore, the financial statements for the year ended 31 December 2022G have been reissued to exclude the gain on the distribution, as the net receivables transfer of SAR 28.1 million was recorded through accumulated losses. The following table outlines the impact of the amendment on the financial statements for the year ended 31 December 2022G:

Table 6.46: Impact of the Amendment on Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G.

Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 December 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Profit from transfer of assets to owners	93.0	(93.0)	-
Operating profit	535.6	(93.0)	442.5
Profit before Zakat	270.7	(93.0)	177.7
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	**282.9**	**(93.0)**	**189.9**

Source: The Annual Financial Statements

Table 6.47: Impact of the Amendment on Equity as of 1 January 2022G

Statement of Changes in Equity as of 1 January 2022G			
SAR Million	As per Previously Issued Financial Statements for the Financial Year Ended 31 December 2022G	Amendment 1	As per Reissued Financial Statements for the Financial Year Ended 31 December 2022G
Profit for the year	264.8	(93.0)	171.8
Total comprehensive income for the year	282.9	(93.0)	189.9
Transfer of assets to owners	(121.2)	93.0	(28.1)
Accumulated losses	(695.2)	-	(695.2)
Net equity	**839.2**	**-**	**839.2**

Source: The Annual Financial Statements

Other Amendments (Amendment 2, Amendment 3 and Amendment 4):

In addition to the re-issuance described above, the 31 December 2022 financial statements previously issued contained restatements of the comparative figures for the financial year ended 31 December 2021G. These amendments were included in the financial statements for the year ended 31 December 2022G, since the financial statements for the year ended 31 December 2021G have not been reissued.

In addition, the 31 December 2023G issued financial statements has restatements of the 2022G figures. As part of the re-issuance, these amendments have been included within the reissued 2022 Financial Statements.

Details of Amendment 2:

During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in its previous accounting policies. In previous years, the Company incorrectly expensed refundable maintenance deposits due to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease, with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.

Where applicable, amendments have been made in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted in the Kingdom. As a result, Management has retrospectively restated the comparative figures to correct all prior year errors in the financial statements for the year ended 31 December 2022G as previous year amendments. However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 includes the additional correction in presentation.

However, when this amendment was initially made, return condition provisions were presented as part of lease liabilities rather than provisions. Amendment 3 below includes the additional correction in presentation.

Details of Amendment 3:

The financial statements for the year ended 31 December 2023G were previously restated to reflect the reclassification of certain amounts previously reported under "Lease Liabilities" within non-current liabilities. These amounts were reclassified to "Aircraft-Related Provisions" (bifurcated between current and non-current liabilities) on the statement of financial position as of 31 December 2022G. This adjustment was made to align with the disclosure requirements outlined in IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IAS 1 (Presentation of Financial Statements), which necessitate the separate presentation of provisions on the face of the statement of financial position. Additionally, this reclassification had a consequential impact on the statement of cash flows for the year ended 31 December 2021G. Specifically, cash flows related to "Aircraft-Related Provisions", which were previously classified under financing cash flows, were reclassified to operating cash flows ensuring consistency with the nature of the underlying transactions.

Details of Amendment 4:

In the previously issued 2022 Financial Statements, cash flows associated with the acquisition of equipment and fixtures, including pre-delivery payments and related refunds for aircraft, were presented on a net basis. In the 2022 Financial Statements, these amounts have now been presented on a gross basis to comply with IAS 7.

The following table outlines a summary of previous year amendments and amendments to comparative information in the statements of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year ended 31 December 2021G:

Table 6.48: Summary of Previous Year Amendments and Amendments to Comparative Information in the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the Financial Year Ended 31 December 2021G

SAR Million	As Previously Included in the Financial Year Ended 31 December 2021G	Amendment 1	Amendment 2	Amendment 3	Reissued as of 31 December 2021G
Changes in the statement of financial position					
Right-of-use assets			983.5	(1,228.2)	**2,520.9**
Aircraft-related provisions	3,098.6		912.6	1,228.2	**5,239.4**
Accumulated losses	(815.6)		(41.3)		**(856.9)**
Statement of profit or loss and comprehensive income					
Profit for the year	50.7		(30.9)		**19.8**
Total comprehensive income for the year	41.6		(30.9)		**10.7**
Statement of changes in equity as of 1 January 2021G					
Accumulated losses	(857.3)	-	(10.4)		**(867.7)**
Equity	677.1	-	(10.4)		**666.7**
Statement of Cash Flows					
Net cash flows generated from operating activities	709.2	-	-	(83.5)	**625.7**
Net cash flows generated from (used in) investing activities	(234.9)	-	-	-	**(234.9)**
Net cash flows generated from (used in) financing activities	(612.1)	-	-	83.5	**(528.6)**

Source: The Annual Financial Statements

The following table outlines a summary of previous year amendments and amendments to comparative information in the statements of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year ended 31 December 2022G:

Table 6.49: Summary of Previous Year Amendments and Amendments to Comparative Information in the Statements of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the Financial Year Ended 31 December 2022G:

SAR Million	As Previously Included in the Financial Year Ended 31 December 2022G	Amendment 1	Amendment 2	Amendment 3	Reissued as of 31 December 2022G
Changes in the statement of financial position					
Lease liabilities	5,337.2		-	(1,704.8)	3,632.5
Aircraft-related provisions	-		-	1,704.8	1,704.8
Statement of profit or loss and comprehensive income					
Profit for the year	264.8	(93.0)	-		171.8
Total comprehensive income for the year	282.9	(93.0)	-		189.9
Statement of changes in equity					-
Accumulated losses	(695.2)	-	-	-	(695.2)
Equity	839.2	0.0	-	-	839.2
Net cash flows generated from operating activities	711.2			(188.9)	522.3
Net cash flows generated from (used in) investing activities	17.7				17.7
Net cash flows generated from (used in) financing activities	161.9			188.9	350.8

Source: The Annual Financial Statements

6.11 Management Discussion and Analysis for the Nine-Month Period Ended 30 September 2024G

6.11.1 Key Performance Indicators

The following table summarizes the Company's key performance indicators for the nine months ended 30 September 2023G and 30 September 2024G.

Table 6.50: Key Performance Indicators

SAR'm	Financial period ended 30 September	
	2023G	2024G
Financial Key Performance Indicators		
General and administrative expenses as a percentage of revenue	1.7%	2.6%
Return on assets (1)	Not applicable	3.6%
Return on equity (2)	Not applicable	29.6%
Total liabilities to total assets (3)	Not applicable	0.9
Liabilities to Equity Ratio (4)	Not applicable	7.0
Total Assets to Total Shareholders' Equity (5)	Not applicable	8.0
Current ratio (6)	Not applicable	83.5%
Return on Capital Employed (7)	Not applicable	11.6%
Net debt / Earnings before interest, taxes, depreciation and amortization (8)	Not applicable	2.6
Cash and Cash Equivalents / Revenue (as % of Revenue)	-	30.7%
Earnings Before Interest, Taxes, Depreciation, and Amortization (9)	1,216.5	1,780.0
EBITDA Margin (10)	24.8%	30.2%
Revenue Growth Rate (11)	Not applicable	20.3%
Gross profit margin (%) (12)	12.8%	20.3%
Operating profit margin (%) (13)	11.8%	16.2%
Net profit margin (%) (14)	6.7%	8.4%
Technical and Other Key Performance Indicators		
Average Number of Aircraft Available for Flights (Number of Aircraft)	39	52
Number of Aircraft at Year-End (Number of Aircraft)	50	59
No. of Flights (number)	59,167	72,831
No. of passengers (in '000)	7,946	10,873
Flying Hours (number)	111,400	139,356
Capacity (in '000)	9,975	12,774
Average Seats Capacity / Flight (Number)	178	175
Seat occupancy rate (%) (15)	78.4%	85.2%
Revenue per Available Seat Kilometer (Halala) (16)	26.2	27.0
Cost per Available Seat Kilometer (Halala) (17)	24.9	24.8

Source: Interim Financial Information and Management Information

(1) Return on assets = profit for the year or period / average total assets

(2) Return on equity = profit for the year or period/ average net equity

(3) Total Liabilities to Total Assets = Total Liabilities / Total Assets

(4) Debt to Equity Ratio = Total Liabilities / Total Equity

(5) Total Assets to Total Equity = Total Assets / Total Shareholders' Equity

(6) Current Ratio = Current Assets / Current Liabilities

(7) Return on capital employed = Net operating profit after deducting zakat / (equity + loans + capital lease liabilities)

(8) Net debt = (loans + finance lease liabilities) – cash and cash equivalents

(9) Earnings Before Interest, Taxes, Depreciation, and Amortization (commonly abbreviated as EBITDA), is an accounting metric for companies which is defined as the profit for the year/period before deducting interest expense, taxes, depreciation and amortization. Hence, it is an indicator of the Company's operating profitability.

(10) EBITDA margin = Profit for the year/period before deducting interest expense, taxes, depreciation and amortization / revenue

(11) Revenue growth rate = (current year/period revenue - prior year/period revenue) / prior year or period revenue * 100

(12) Gross Profit Margin = Gross Profit / Revenue

(13) Operating Profit Margin = Operating Profit / Revenue

(14) Net profit margin = profit for the year or period / revenue

(15) Seat occupancy rate (%) = Occupied seats / Available seats

(16) Revenue per Available Seat Kilometer (Halala) = Revenue / (Available seats * Distance traveled)

(17) Cost per Available Seat Kilometer (Halala) = Cost / (Available seats * Distance traveled)

6.11.2 Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

The following table shows the Company's condensed interim statement of profit or loss and other comprehensive income for the nine months ended 30 September 2023G and 30 September 2024G.

Table 6.51: Condensed interim statement of profit or loss and other comprehensive income

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Revenue	4,899.2	5,891.3	20.3%
Cost of revenue	(4,271.3)	(4,692.9)	9.9%
Gross profit	**627.8**	**1,198.4**	**90.9%**
Selling and marketing expenses	(139.8)	(187.3)	34.0%
General and administrative expenses	(82.0)	(150.8)	83.9%
Provision for expected credit losses	-	(21.1)	na
Gain on sale of equipment and fixtures	172.7	130.7	(24.3%)
Net foreign exchange loss	(2.8)	(14.6)	421.4%
Operating profit	**575.9**	**955.3**	**65.9%**
Finance income	39.4	51.8	31.5%
Finance cost	(275.9)	(496.3)	79.9%
Profit before zakat	**339.4**	**510.8**	**50.5%**
Zakat expense	(12.5)	(18.1)	44.8%
Profit for the period	**326.9**	**492.6**	**50.7%**

Source: Interim Financial Information and Management Information

Revenue

Revenue continued to rise by 20.3% from SAR 4,899.2 million in the nine-months period ended 30 September 2023G to SAR 5,891.3 million in the nine-months period ended 30 September 2024G. This continued increase is attributed to the overall growth in travel activity due to the significant rise in the number of aircraft and expansion of operational activities, in addition to the Company entering new markets.

Cost of Revenue

Cost of revenue increased by 9.9% from SAR 4,271.3 million in the nine-months period ended 30 September 2023G to SAR 4,692.9 million in the nine-months period ended 30 September 2024G. The increase was in line with the revenue movement and was mainly driven by higher cost of fuel, landing & handling charges and in-flight services due to the higher numbers of flights operated between the two periods.

Gross Profit

Gross profit increased by 90.9% from SAR 627.8 million in the nine-months period ended 30 September 2023G to SAR 1,198.4 million in the nine-months period ended 30 September 2024G. This increase was higher than the revenue growth between the two periods, due to the rise in the gross profit margin, which increased from 12.8% to 20.3% during the period. The mentioned increases were primarily driven by higher revenue and improved operational performance, particularly due to the increase in revenue per available seat kilometer and the decrease in cost per available seat kilometer during the period. It is worth noting that the company adopted more effective cost management policies starting in 2023G, which automatically led to higher realized profits and an improved gross profit margin. Additionally, it is important to mention that the company achieved significant profitability from new international routes compared to the domestic routes it operates.

Selling and Marketing Expenses

Selling and marketing expenses increased by 34.0% from SAR 139.8 million in the nine-months period ended 30 September 2023G to SAR 187.3 million in the nine-months period ended 30 September 2024G. The increase between the two periods was affected by business expansion, higher collection fees, and the costs of salaries & benefits for sales & distribution team employees. While the increase in collection expenses was driven by the increase in the scope, number, and value of financial transactions (bank payment transactions) during the six-months and nine-months periods of 2024G, the increase in the salaries and benefits was affected by the accelerated pace of hiring new employees to keep pace with the increase in the level and volume of business. Additionally, business development expenses increased during the nine-months period ended on September 30, 2024G, following the launch of several advertising campaigns aimed at promoting Hajj services and enhancing competitiveness.

General and Administrative Expenses

General and administrative expenses increased by 83.9% from SAR 82.0 million in the nine-months period ended 30 September 2023G to SAR 150.8 million in the nine-months period ended 30 September 2024G. The increase was mainly driven by an increase in the cost of salaries and benefits as well as increase in professional fees. As with selling and marketing expenses, the increase in administrative staff salaries and benefits was impacted by the hiring of new employees in line with the growth in business activity. On the other hand, the rise in professional fees was driven by the costs associated with the initial public offering (IPO) process and expenses incurred in relation to the digital transformation project.

Provision for expected credit losses

The expected credit loss provision, which amounted to SAR 21.1 million for the nine-months period ending 30 September 2024G, was associated with several additional accounts receivable balances that were classified as aged or doubtful for collection.

Gain on Sale of Equipment and Fixtures

In terms of gain from the sale of equipment, gain recorded a decrease of 24.3%, from SAR 172.7 million in the nine-months period ended on 30 September 2023G, to SAR 130.7 million in the nine-months period ended on 30 September 2024G. This decrease was due to a lower number of aircraft sold through the company's sale-and-leaseback transactions during the periods. A total of six aircraft were sold in the nine-months period ending September 30, 2024G, compared to 11 aircraft sold in the same period of 2023G.

Net Foreign Exchange Loss

In terms of net foreign exchange loss, the Company incurred a loss of SAR 2.8 million in the nine-months period ended on 30 September 2023G, followed by a loss of SAR 14.6 million in the nine-months period ended on 30 September 2024G. These fluctuations in losses (or gains) occur as part of normal business operations. The mentioned loss was associated with the Hajj and Umrah sector, as the majority of the services provided by the company in this sector are granted to foreign missions.

Operating profit

Operating profit increased by 65.9% from SAR 575.9 million in the nine-months period ended 30 September 2023G to SAR 955.3 million in the nine-months period ended 30 September 2024G. This significant growth was mainly due to the increase in gross profit.

Finance income

Finance income increased by 31.5% from SAR 39.4 million in the nine-months period ended 30 September 2023G to SAR 51.8 million in the nine-months period ended 30 September 2024G. The increase was driven by the rise in the value of short-term bank deposits, which are included under cash and cash equivalents, reaching SAR 1,805.9 million as of September 30, 2024G.

Finance cost

Finance cost increased by 79.9% from SAR 275.9 million in the nine-months period ended 30 September 2023G to SAR 496.3 million in the nine-months period ended 30 September 2024G. The increase was driven by an increase in interest on lease liabilities associated with additional aircraft acquired by the Company under capital leases.

Zakat expense

With respect to Zakat, the Company's zakat expenses increased from SAR 12.5 million in the nine-months period ended 30 September 2023G to 18.1 million in the nine-months period ended 30 September 2024G. The Zakat, Tax and Customs Authority (ZATCA) issued initial assessments for the year ended December 31, 2011G. No assessments have been issued for the years from 2012G onward.

Profit for the Year

Net profit for the period increased by 50.7% from SAR 326.9 million in the nine-months period ended 30 September 2023G to SAR 492.6 million in the nine-months period ended 30 September 2024G. The increase was driven by the growth in gross profit along with the increase in finance income.

Revenue – General Classification

The table below shows the general classification of the Company's revenue for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.52: Revenue – General Classification

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Flynas LCC	3,891.5	4,985.8	28.1%
Flynas Hajj & Umrah	894.3	760.9	(14.9%)
Flynas General Aviation	113.4	144.7	27.6%
Total	**4,899.2**	**5,891.3**	**20.3%**
Share of revenue			
Flynas LCC	79.4%	84.6%	
Flynas Hajj & Umrah	18.3%	12.9%	
Flynas General Aviation	2.3%	2.5%	

Source: Management information

Revenue generated from low-cost Flynas flights represented the main component of revenue, accounting for 79.4% and 84.6% of total revenue for the nine-months period ended 30 September 2023G and the nine-months period ended 30 September 2024G, respectively.

Flynas LCC

The revenue generated from Flynas LCC increased by 28.1% from SAR 3,891.5 million in the nine-months period ended on September 30, 2023G, to SAR 4,985.8 million in the nine-months period ended on September 30, 2024G. This growth is attributed to an increase in the number of aircrafts, higher operational activity, increased demand for travel, and the airlines' entry into new markets.

Flynas Hajj and Umrah

Revenue collected from Flynas Hajj and Umrah decreased by 14.9% from SAR 894.3 million in the nine-months period ended on 30 September 2023G to SAR 760.9 million in the nine-months period ended on 30 September 2024G. This decline was primarily due to a decrease in the total number of pilgrims from some of Flynas' key markets, such as Nigeria and Bangladesh, in 2024G due to economic reasons, leading to a lower number of pilgrims transported by Flynas for Hajj and Umrah.

Flynas General Aviation

Revenue generated by the Flynas general aviation segment increased by 27.6% from SAR 113.4 million in the nine-months period ended September 30, 2023G, to SAR 144.7 million in the nine-months period ended September 30, 2024G. This increase resulted from a rise in the number and scope of on-demand requests from NAS Group customers. NAS general aviation segment is considered a secondary supporting sector to the company's strategic aviation sectors. Revenue related to the general aviation segment fluctuate with changes in customer demand.

Revenue – Tickets and Other Services

The following table illustrates the general classification of the Company's revenue from tickets and other services for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.53: Revenue – Tickets and Other Services

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Ticket revenue	4,066.6	4,850.0	19.3%
Additional services	832.5	1,041.3	25.1%
Total	**4,899.2**	**5,891.3**	**20.3%**

Source: Management Information

It should be noted that the classification adopted in the table above includes only the revenue from Flynas LCC and Flynas Hajj and Umrah services.

Ticket revenue increased by 19.3% from SAR 4,066.6 million in the nine-months period ended 30 September 2023G to SAR 4,850.0 million in the nine-months period ended 30 September 2024G. This increase was primarily linked to several factors, including a rise in operational activities and an increase in the number of passengers.

The Company has expanded its presence in numerous markets. For instance, in the European, African and other markets, the Company successfully entered new countries such as Ethiopia, Belgium, Germany, Bangladesh, and Eritrea. Additionally, it strengthened its presence in several Arab countries that saw an increase in flights frequency, such as Egypt, the UAE, and Qatar. These factors contributed to a significant increase in passenger numbers, with Flynas' low-cost airline segment experiencing a 36.8% rise in passengers during the first half and third quarter of 2024G.

Other revenue (ancillary services revenue) recorded a similar increase of 25.1% from SAR 832.5 million in the nine-months period ended 30 September 2023G to SAR 1,041.3 million in the nine-months period ended 30 September 2024G. The increase in other revenue was aligned with the rise in passenger numbers and flights, which naturally led to higher earnings from various services. These include, but are not limited to, excess baggage fees, seat selection charges, meal fees, and other miscellaneous revenue. Additionally, the growth in other revenue was influenced by a 77.9% increase in fees collected from excess passenger baggage during the first half and third quarter of 2024G, in line with the rise in passenger numbers and flights frequency.

Revenue - Classification by Flight Destination

The following table shows revenue by flight destination for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.54: Revenue - Classification by Flight Destination

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
International	2,389.3	3,018.3	26.3%
Domestic	1,477.7	1,938.4	31.2%
Other	24.5	29.1	18.8%
Total	**3,891.5**	**4,985.8**	**28.1%**

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Share of revenue			
International	61.4%	60.5%	
Domestic	38.0%	38.9%	
Other	0.6%	0.6%	

The table above categorizes revenue by flight destination and pertains exclusively to Flynas' low-cost airline segment

Source: Management Information

Revenue from international operations increased by 26.3%, rising from SAR 2,389.3 million in the nine-months period ended September 30, 2023G, to SAR 3,018.3 million in the nine-months period ended September 30, 2024G. This growth was primarily driven by the Company's strengthened presence in Central Asia, the Middle East, and Africa, as well as its entry into new markets, including Bahrain, Kurdistan, Morocco, Bangladesh, Eritrea and Germany. Additionally, there was a notable rise in outbound flights to Egypt, the UAE, and Qatar during the period. It is worth mentioning that ticket prices for existing international routes decreased by 9.9% between the nine-months period ended 30 September 2023G and the nine-months period ended 30 September 2024G, attributed to increased capacity, market conditions, and competition. The drop in ticket prices led to an automatic increase in passenger numbers during the period.

Revenue from domestic flights increased by 31.2%, rising from SAR 1,477.7 million in the nine-months period ended September 30, 2023G, to SAR 1,938.4 million in the nine-months period ended September 30, 2024G. This growth was primarily driven by an increase in seat capacity and passenger numbers, along with a 4.7% decrease in average domestic ticket prices during the period. Additionally, five new domestic routes were added (Jeddah to Najran, Abha to Tabuk, Medina to Tabuk, Medina to Abha, and Dammam to Hail).

Other revenue primarily includes cargo shipping, loyalty program revenue, and administrative fees. This revenue fluctuate continuously and are not solely affected by flight operations or passenger numbers.

Other revenue increased by 18.8%, rising from SAR 24.5 million in the nine-months period ended September 30, 2023G, to SAR 29.1 million in the nine-months period ended September 30, 2024G. This increase was mainly driven by the rise in passenger numbers between the two periods.

Cost of Revenue

The following table shows the cost of revenue for the Company for the six months ended on 30 September 2023G and 30 September 2024G.

Table 6.55: Cost of Revenue

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Fuel costs	1,183.2	1,352.0	14.3%
Landing, handling, and en-route charges	938.9	1,121.1	19.4%
Depreciation	638.8	822.0	28.7%
Salaries and related expenses	538.4	655.2	21.7%
Maintenance and other aircraft costs	324.3	325.8	0.5%
Rental expense	496.4	288.1	(42.0%)
Commission and reservation systems expenses	86.8	94.2	8.5%
Others Less:	64.6	34.5	(46.6%)
Government grants	(13.1)	(45.9)	
Total	**4,271.3**	**4,692.9**	**9.9%**

Source: Management Information

Fuel costs increased by 14.3% from SAR 1,183.2 million in the nine-months period ended 30 September 2023G to SAR 1,352.0 million in the nine-months period ended 30 September 2024G. The rise was generally in line with higher revenue and higher flight numbers between the two mentioned periods, in addition to the rise in the internation fuel prices.

Landing, handling and in-flight service charges increased by 19.4% from SAR 938.9 million in the nine-months period ended 30 September 2023G to SAR 1,121.1 million in the nine-months period ended 30 September 2024G. The increase was in line with and driven by the increase in the number of flights, specifically scheduled flights. It is worth noting that the number of scheduled flights increased by 29.6% between the two periods, which contributed to the rise in landing fees, ground handling charges, and in-flight services.

Depreciation expenses increased by 28.7% from SAR 638.8 million in the nine-months period ended 30 September 2023G to SAR 822.0 million in the nine-months period ended 30 September 2024G due to an increase in the number of leased aircraft between the two mentioned periods. Additionally, the capitalization of maintenance costs for these aircraft also contributed to the mentioned increase in the depreciation expenses.

Salaries and related costs increased by 21.7% from SAR 538.4 million in the nine-months period ended 30 September 2023G to SAR 655.2 million in the nine-months period ended 30 September 2024G due to the increase in the number of employees recruited to keep pace with the rise in business, as new hirings mainly included flight attendants and aircraft maintenance staff.

Maintenance costs and other aircraft-related expenses increased by 0.5% from SAR 324.3 million in the nine-months period ended 30 September 2023G to SAR 325.8 million in the nine-months period ended 30 September 2024G. The increase in the number of aircraft used between the two aforementioned periods was the primary driver for the increase. It should be noted that the increase in flight hours between the two periods contributed to the rise in the scope and frequency of maintenance operations. Additionally, unscheduled maintenance costs increased between the two periods. Regarding unscheduled maintenance costs, they are typically associated with unexpected aircraft repairs and inspections.

Rental expense decreased by 42.0% from SAR 496.4 million in the nine-months period ended 30 September 2023G to SAR 288.1 million in the nine-months period ended 30 September 2024G. The decrease was influenced by the Company's reduced reliance on wet lease arrangements for aircraft leasing and the increased use of dry lease arrangements, without acquiring or transferring ownership of the aircraft to the Company.

Commission and reservation system expenses increased by 8.5% from SAR 86.8 million in the nine-months period ended 30 September 2023G to SAR 94.2 million in the nine-months period ended 30 September 2024G. The increase was in line with the rise in revenue between the two periods, as the aforementioned commission expenses primarily include costs paid to the International Air Transport Association (IATA) and travel booking agencies, which tend to fluctuate in line with revenue movements.

As for other expenses, these are miscellaneous costs that primarily include items such as utility expenses, public service costs, withholding tax expenses, and others. Other expenses increased by 3.5%, from SAR 77.7 million in the nine-months period ended September 30, 2023G to SAR 80.4 million in the nine-months period ended September 30, 2024G. This decline occurred within the context of normal business operations.

It is worth noting that the other expenses category primarily includes insurance fees, utilities, and tax-related expenses, while the Government grants category mainly consists of incentives received from the government for operating flights on specific routes. These grants increased by 250.4%, from SAR 13.1 million to SAR 45.9 million for the nine-months periods ending September 30, 2023G and 2024G, respectively.

Gross Profit – General Aviation Classification

The following table shows the gross profit by general aviation classification for the Company for the six months ended on 30 September 2023G and 30 September 2024G.

Table 6.56: Gross Profit - General Aviation Classification

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Flynas LCC	465.0	1,073.0	130.8%
Flynas Hajj & Umrah	166.7	105.0	(37.0%)
Flynas General Aviation	(3.9)	20.3	(627.6%)
Total	**627.8**	**1,198.3**	**90.9%**
GP, %			
Flynas LCC	11.5%	20.8%	
Flynas Hajj & Umrah	18.6%	13.8%	
Flynas General Aviation	(3.4%)	14.0%	

Source: Management Information

The gross profit increased by 90.9%, rising from SAR 627.8 million in the nine-months period ended September 30, 2023G, to SAR 1,198.3 million in the nine-months period ended September 30, 2024G. This growth was primarily driven by profits generated by the low-cost airline segment, Flynas.

Flynas' low-cost segment saw a significant profit increase of 130.8%, from SAR 465.0 million in the nine-months period ended September 30, 2023G, to SAR 1,073.0 million in the same period of 2024G. This overall increase was aligned with higher operational activity and revenue during the period, especially as the Company launched a considerable number of new international routes and entered new markets. It is worth noting that the Company implemented more effective revenue management policies starting in 2024G, which led to a direct increase in revenue per available seat kilometer (RASK) and a rise in the gross profit margin from 11.5% in the nine-months period ended September 30, 2023G, to 20.8% in the same period of 2024G. Additionally, the Company achieved notable profitability from new international routes compared to domestic ones.

The gross profit from Flynas' Hajj and Umrah segment decreased by 37.0%, from SAR 166.7 million during the nine-months period ending on 30 September 2023G to SAR 105.0 million in the nine-months period ending on 30 September 2024G, due to a decline in revenue. Additionally, the gross profit margin for the mentioned sector decreased from 18.6% in the nine-months period ending on 30 September 2023G to 13.8% in the nine-months period ending on 30 September 2024G.

Flynas' general aviation segment recorded a loss of 627.6%, amounting to SAR 3.9 million in the nine-months period ending on 30 September 2023G, and then recorded a profit of SAR 20.3 million in the nine-months period ending on 30 September 2024G. As for the sector's gross profit margin, it turned from a negative margin of (-3.4%) in the nine-months period ending on 30 September 2023G to 14.0% in the nine-months period ending on 30 September 2024G.

Selling and Marketing Expenses

The following table shows the Company's sales and marketing expenses for the Company for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.57: Selling and Marketing Expenses

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Business development and promotion	48.6	60.2	23.7%
Salaries and related expenses	44.7	50.5	13.1%
Collection charges	30.6	52.7	72.3%
Customer service-related expenses	6.8	8.9	30.9%
Professional fees	2.2	5.9	162.3%
Others	6.8	9.1	33.4%
Total	**139.8**	**187.3**	**34.0%**

Source: Management Information

Business development and promotion expenses increased by 23.7% from SAR 48.6 million during the nine-months period ended 30 September 2023G to SAR 60.2 million during the nine-months period ended 30 September 2024G. The increase was driven by additional advertising campaigns launched by the Company to strengthen its market position, especially amid rising competition.

Salaries and related expenses increased by 13.1% from SAR 44.7 million during the nine-months period ended 30 September 2023G to SAR 50.5 million during the nine-months period ended 30 September 2024G. As in the case of salaries categorized under general and administrative expenses, the increase was driven by an increase in headcount and accelerated hiring to keep pace with the rising business level.

Collection charges increased by 72.3% from SAR 30.6 million in the nine-months period ended 30 September 2023G to SAR 52.7 million in the nine-months period ended 30 September 2024G. The aforementioned increase was linked to the rise in business activities and the expansion in the scope and volume of financial transactions during the period. It is worth noting that these expenses, as a percentage of revenue, amounted to 0.6% and 0.9% for the respective periods.

In terms of customer service expenses, these expenses increased by 30.9% from SAR 6.8 million during the nine-months period ended 30 September 2023G to SAR 8.9 million during the nine-months period ended 30 September 2024G. The increase resulted from an increase in the overall number of passengers.

Professional fees increased by 162.3% from SAR 2.2 million in the nine-months period ended 30 September 2023G to SAR 5.9 million in the nine-months period ended 30 September 2024G whereas the Company incurred additional professional fees to obtain consultations on business growth strategy and revenue enhancement for the upcoming periods.

Other expenses included travel expenses, utility expenses and other miscellaneous expenses. Other expenses increased by 33.4%, from SAR 6.8 million in the nine-months period ending on 30 September 2023G to SAR 9.1 million in the nine-months period ending on 30 September 2024G. These expenses fluctuate within the normal course of business.

General and Administrative Expenses

The following table shows the Company's general and administrative expenses for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.58: General and Administrative Expenses

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Salaries and related expenses	60.3	73.9	22.7%
Professional fees	7.2	64.7	798.6%
Depreciation on equipment and fixtures	1.8	2.7	50.1%
Others	12.7	9.5	(25.0%)
Total	**82.0**	**150.8**	**84.0%**

Source: Management Information

Salaries and related expenses increased by 22.7% from SAR 60.3 million for the nine-months period ended 30 September 2023G to SAR 73.9 million for the nine-months period ended 30 September 2024G. This growth was affected by the increase in the number of administrative staff following the acceleration in the pace of hiring in order to keep pace with the rise in business. It should be noted that the Company's new policy is to develop the Company's human resources at the operational and administrative level by hiring highly qualified employees and distinguished professional reveres.

Professional fees increased by 798.6% from SAR 7.2 million in the nine-months period ended 30 September 2023G to SAR 64.7 million in the nine-months period ended 30 September 2024G. The significant increase in the value of the aforementioned fees is related to the expenses incurred in connection with the digital transformation and cost-control projects.

Depreciation expense increased by 50.1% from SAR 1.8 million for the nine-months period ended 30 September 2023G to SAR 2.7 million for the nine-months period ended 30 September 2024G. The increase was driven by additions to property and administrative equipment, which were mainly related to the accounting software used whereas the Company acquired several applications and software (AMOS, Dell Data, and other programs).

As for other expenses, they decreased by 25.0%, from SAR 12.7 million in the nine-months period ending on 30 September 2023G to SAR 9.5 million in the nine-months period ending on 30 September 2024G. This decline was primarily driven by the company's decision to enhance expense management through the implementation of cost-control strategies.

Gain on Sales of Equipment and Fixtures

Gain on sale of equipment and fixtures decreased by 24.3%, from SAR 172.7 million in the nine-months period ending on 30 September 2023G to SAR 130.7 million in the nine-months period ending on 30 September 2024G. While the gain recorded in the nine-months period ending on 30 September 2023G was related to the sale-and-leaseback transaction through which the company sold 11 aircraft, the gain in the first half and third quarter of 2024G was linked to a sale-and-leaseback transaction in which the company sold six aircraft.

Provision for expected credit loss

As for the credit loss provision, which amounted to SAR 21.1 million in the nine-months period ending on 30 September 2024G, it was, as mentioned above, linked to additional accounts receivable balances that were classified as aged or doubtful for collection.

Net Foreign Exchange Loss

The increase in net foreign exchange loss by 413.8% from SAR 2.8 million in the nine-months period ending on 30 September 2023G to SAR 14.6 million in the nine-months period ending on 30 September 2024G was linked to the activity in the Hajj and Umrah sector, as a significant portion of this business involves providing services to foreign delegations.

Finance Income

Finance income increased by 31.4% from SAR 39.4 million in the nine-months period ended 30 September 2023G to SAR 51.8 million in the nine-months period ended 30 September 2024G driven by the rise in SAIBOR rates.

Finance Cost

The following table illustrates the finance costs of the Company for the nine months ended on 30 September 2023G and 30 September 2024G.

Table 6.59: Finance Cost

SAR'm	Financial period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Interest on lease liabilities	192.5	460.4	139.2%
Bank guarantee and commitment fees	21.1	18.6	(12.0%)
Imputed interest on deposits and long-term payables	13.8	(20.5)	(248.3%)
Interest on Murabaha Facility	47.2	35.2	(25.4%)
Others	1.3	2.6	105.4%
Total	**275.9**	**496.3**	**79.9%**

Source: The Company's preliminary financial information for the nine-months period ending September 30, 2024G

Interest on lease liabilities increased by 139.2% from SAR 192.5 million in the nine-months period ended 30 September 2023G to SAR 460.4 million during the nine-months period ended 30 September 2024G. The increase was associated with expenses related to additional aircraft acquired by the Company under capital leases.

Bank guarantee and commitment fees decreased by 12.0% from SAR 21.1 million in the nine-months period ended 30 September 2023G to SAR 18.6 million in the nine-months period ended 30 September 2024G, due to normal course of operations.

The imputed interest on deposits and long-term payables, which decreased by 248.3% and which amounted to SAR 13.8 million in the nine-months period ending on 30 September 2023G, was linked to additional interest incurred by the company in relation to the repayment plan for payables to the General Authority of Civil Aviation. Compared to the interest expense recorded in the nine-months period ending on 30 September 2023G, during the period, the company recognized the amortization of interest income due to significant amounts paid for long-term deposits on leased aircraft, which were previously granted to suppliers and later converted into letters of credit.

In terms of interest on Murabaha facility, the expense decreased by 25.4% from SAR 47.2 million in the nine-months period ended 30 September 2023G to SAR 35.2 million in the nine-months period ended 30 September 2024G driven by the payment of installments.

Other expenses increased by 105.4% from SAR 1.3 million in the nine-months period ended 30 September 2023G to SAR 2.6 million in the nine-months period ended 30 September 2024G. These expenses include various costs, primarily bank fees, which fluctuate based on the volume and scope of banking transactions.

Profit before Zakat

Profit before zakat increased by 50.5% from SAR 339.4 million for the nine-months period ended 30 September 2023G to SAR 510.8 million for the nine-months period ended 30 September 2024G. The increase was largely due to the rise in revenue between the two periods.

Zakat Expense

Since 2013G, Zakat returns have been filed on a consolidated basis by the parent company. Accordingly, the zakat expense allocated to the company's period was initially calculated at the parent company level (on a consolidated basis). However, during the period, the company's ownership structure changed, and as a result, the company began filing its Zakat returns independently starting in May 2023G. During the nine-months periods ending on 30 September

2023G and 2024G, Zakat expenses increased by 45.0%, from SAR 12.5 million to SAR 18.1 million, due to the rise in net profit subject to zakat.

The Zakat, Tax, and Customs Authority issued initial assessments for periods ended up to December 31, 2011G. The authority has not issued assessments for periods starting from 2012G onwards.

Profit for the Year

In terms of net profit, it increased by 50.7% from SAR 326.9 million for the nine-months period ended 30 September 2023G to SAR 492.6 million in the nine-months period ended 30 September 2024G. This increase was largely due to the rise in revenue between the two periods.

Condensed Interim Statement of Financial Position

The following table shows the Company's condensed interim statement of financial position as of 31 December 2023G and 30 September 2024G.

Table 6.60: Condensed interim statement of financial position

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Assets			
Non-current assets			
Intangible asset	2,000.0	2,000.0	-
Equipment and fixtures	1,167.6	1,172.6	0.4%
Right-of-use assets	7,676.1	7,803.9	1.7%
Deposits for aircraft	55.3	30.5	(44.8%)
Total non-current assets	**10,898.9**	**11,007.0**	**1.0%**
Current assets			
Stores and spares	3.2	2.9	(9.2%)
Deposits for aircraft	36.1	7.7	(78.8%)
Trade receivables	299.7	472.7	57.7%
Prepayments and other current assets	120.0	315.1	162.5%
Bank deposits	56.3	56.3	-
Cash and cash equivalents	1,450.5	1,806.0	24.5%
Total current assets	**1,965.7**	**2,660.6**	**35.3%**
Total assets	**12,864.7**	**13,667.6**	**6.2%**
Equity and liabilities			
Equity			
Share capital	1,534.3	1,534.3	-
Statutory reserves	0.2	0.2	-
Retained earnings/(accumulated losses)	(308.3)	184.3	(159.8%)
Net equity	**1,226.1**	**1,718.7**	**40.2%**
Non-current liabilities			
Trade and other payables	124.0	32.0	(74.2%)
Lease liabilities	4,984.4	5,373.9	7.8%
Aircraft related provisions	2,666.6	2,936.0	10.1%
Loans	425.2	166.3	(60.9%)
Employees' end of service benefits liabilities	231.5	253.3	9.4%
Total non-current liabilities	**8,431.7**	**8,761.5**	**3.9%**

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Current liabilities			
Trade and other payables	1,754.5	1,635.2	(6.8%)
Lease liabilities	540.6	463.3	(14.3%)
Aircraft related provisions	157.0	223.3	42.2%
Loans	419.5	386.7	(7.8%)
Contract liabilities	335.2	478.8	42.8%
Total current liabilities	**3,206.8**	**3,187.4**	**(0.6%)**
Total liabilities	**11,638.5**	**11,948.9**	**2.7%**
Total equity and liabilities	**12,864.7**	**13,667.6**	**6.2%**

Source: Financial Statements and Management Information

The balance of non-current assets did not materially change between 31 December 2023G and 30 September 2024G, but show a slight increase of 1.0% from SAR 10,898.9 million to SAR 11,007.0 million between the two referred periods driven by the increase in the value of right-of-use assets, which increased by 1.7% from SAR 7,676.1 million as of December 31, 2023G, to SAR 7,803.9 million as of September 30, 2024G, due to additions related to additional aircraft acquired by the Company under capital lease agreements.

Current assets increased by 35.3% from SAR 1,965.7 million as of 31 December 2023G to SAR 2,660.6 million as of 30 September 2024G. The increase was concentrated in cash and cash equivalents, prepayments and other current assets and trade receivables. The increase in cash and cash equivalents balance was driven by the increase in operating cash flows generated by 44.1% from SAR 883.8 million in the nine-months period ended 30 September 2023G to SAR 1,274.1 million in the nine-months period ended 30 September 2024G. Moreover, the increase in prepayments and other current assets was primarily driven by an increase in the level of guarantees provided by the Company, amounting to SAR 158.0 million, in addition to amounts receivable from NAS Holding, totaling SAR 47.8 million. As for trade receivables, the increase in the balance was driven by higher receivables associated with the Hajj and Umrah trips segment.

With regards to the equity balance, there was a significant movement between December 31, 2023G, and September 30, 2024G, with an increase of 40.2% from SAR 1,226.1 million to SAR 1,718.7 million between the two periods. The increase was generally influenced by the reduction of accumulated losses by 159.8%, which transformed from a loss of SAR 308.3 million as of December 31, 2023G, to a profit of SAR 184.3 million as of September 30, 2024G. This relative improvement was linked to the increase in the company's profits for the period and which rose from SAR 326.9 million in the nine-months period ending on 30 September 2023G to SAR 492.6 million in the nine-months period ending on 30 September 2024G.

Non-current liabilities increased by 3.9% from SAR 8,431.7 million as of December 31, 2023G, to SAR 8,761.5 million as of September 30, 2024G. The increase was concentrated in lease liabilities and provisions related to aircraft. Lease liabilities increased by 7.8% from SAR 4,984.4 million as of December 31, 2023G, to SAR 5,373.9 million as of September 30, 2024G, influenced by the increase in the number of aircraft financed under capital lease agreements. On the other hand, the value of provisions related to aircraft increased by 10.1% from SAR 2,666.6 million as of December 31, 2023G, to SAR 2,936.0 million as of September 30, 2024G, with the rise also influenced by the increase in the number of aircraft acquired under capital lease agreements.

Similar to non-current liabilities, the balance of current liabilities did not experience any significant change between December 31, 2023G, and September 30, 2024G; instead, a slight decrease of 0.6% was recorded, rising from SAR 3,206.8 million to SAR 3,187.4 million between the two periods. The aforementioned decrease was linked to a 14.3% decline in the lease liabilities balance, from SAR 540.6 million to SAR 463.3 million between the two periods, due to ongoing repayments.

Non-Current Assets

The table below shows the Company's non-current assets as of 31 December 2023G and 30 September 2024G.

Table 6.61: Non-Current Assets

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Intangible assets	2,000.0	2,000.0	-
Equipment and fixtures	1,167.6	1,172.6	0.4%
Right-of-use assets	7,676.1	7,803.9	1.7%
Deposits for aircraft	55.3	30.5	(44.8%)
Total non-current assets	**10,898.9**	**11,007.0**	**1.0%**

Source: Financial Statements and Management Information

Non-current assets increased by 1.0% from SAR 10,898.9 million as of 31 December 2023G to SAR 11,007.0 million as of 30 September 2024G. As previously mentioned, this increase was driven by additions to right-of-use assets. These additions included new aircraft acquired by the Company under capital leases.

Intangible Assets

The value of the intangible assets did not change between 31 December 2023G and 30 September 2024G, and the balance remained stable at SAR 2,000 million between the two periods.

Equipment and Fixtures

The following table outlines the Company's equipment and fixtures as of 31 December 2023G and 30 September 2024G.

Table 6.62: Equipment and Fixtures

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Equipment and fixtures	561.5	516.1	(14.8%)
Capital work in progress (CWIP)	606.1	656.4	16.9%
Total NBV	**1,167.6**	**1,172.6**	**0.4%**

Source: Financial Statements and Management Information

Equipment and fixtures increased by 0.4% from SAR 1,167.6 million as at 31 December 2023G to SAR 1,172.6 million as at 30 September 2024G as a result of the increase in the value of equipment and fixtures following additions related to spare engines.

The following table shows the list of equipment and equipment items of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.63: Equipment and Fixture Items

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Cost			
Aircraft and aircraft equipment	1,015.6	1,144.1	12.7%
Modification on leased aircraft & LHI	87.1	87.1	-
Furniture and fixtures	26.4	28.6	8.2%
Total cost	**1,129.1**	**1,259.7**	**11.6%**
Accumulated depreciation			
Aircraft and aircraft equipment	(490.8)	(521.1)	6.2%
Modification on leased aircraft & LHI	(57.7)	(60.5)	4.9%
Furniture and fixtures	(19.1)	(21.8)	14.0%
Total accumulated depreciation	**(567.6)**	**(603.3)**	**6.3%**
Total NBV	**561.5**	**656.4**	**16.9%**

Source: Financial Statements and Management Information

In the case of aircraft and aircraft equipment, the additions were related to the auxiliary engines for the aircraft (two units) that the Company acquired to keep up with the increased business level. Regarding capital work-in-progress, as mentioned above, the decrease was driven by the Company's receipt of several aircrafts and the recovery of advance payments when financing their full price through sale and leaseback arrangements.

Right-of- Use Assets

The following table shows the Company's right-of-use assets as of 31 December 2023G and 30 September 2024G.

Table 6.64: List of Right-of-Use Assets

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
January 1	5,050.1	7,676.1	52.0%
Additions	3,352.9	882.6	(73.6%)
Adjustments	-	34.2	100.0%
Depreciation	(726.9)	(789.0)	8.5%
Total	**7,676.1**	**7,803.9**	**1.7%**
Aircraft	5,373.1	5,542.3	3.1%
Leasehold buildings	77.4	59.5	(23.1%)
Maintenance assets	2,225.7	2,202.1	(1.1%)
Total	**7,676.1**	**7,803.9**	**1.7%**

Source: Management Information

The balance of right-of-use assets increased by 1.7% from SAR 7,676.1 million as of December 31, 2023G, to SAR 7,803.9 million as of September 30, 2024G, influenced by the increase in the number of aircraft acquired under capital lease agreements. It should be noted that the Company acquired six additional aircraft during the nine-months period ended 30 September 2024G at a value of SAR 661.8 million. Additionally, the Company capitalized maintenance reserve expenses related to the aforementioned aircraft amounting to SAR 202.5 million, which contributed to the increase in the book value of right-of-use assets during the period.

Deposits for aircraft

The following table shows deposits for aircraft of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.65: Deposits for aircraft

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Non-current portion	55.3	30.5	(44.8%)
Current portion	36.1	7.7	(78.8%)
Total	**91.4**	**38.2**	**(58.2%)**

Source: Financial Statements and Management Information

The total balance of aircraft deposits decreased by 58.2% from SAR 91.4 million as of December 31, 2023G, to SAR 38.2 million as of September 30, 2024G, after the Company adopted a new policy to replace cash deposits given to suppliers with standby letter of credits.

Current Assets

The following table shows the current assets of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.66: Current Assets

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Stores and spares	3.2	2.9	(9.2%)
Deposits for aircraft	36.1	7.7	(78.8%)
Trade receivables	299.7	472.7	57.7%
Prepayments and other current assets	120.0	315.1	162.5%
Bank deposits	56.3	56.3	-
Cash and cash equivalents	1,450.5	1,806.0	24.5%
Total current assets	**1,965.7**	**2,660.6**	**35.3%**

Source: Financial Statements and Management Information

As mentioned above, current assets increased by 35.3% from SAR 1,965.7 million as of 31 December 2023G to SAR 2,660.6 million as of 30 September 2024G. The increase was concentrated in cash and cash equivalents, prepayments and other current assets and trade receivables.

Stores and Spares

The value of Stores and Spares parts did not experience any significant change between December 31, 2023G, and September 30, 2024G; rather, a slight decrease of 9.2% was recorded, dropping from SAR 3.2 million to SAR 2.9 million between the two periods, attributed to routine consumption.

Deposits for aircraft

Current deposits for aircraft balance decreased by 78.8% from SAR 36.1 million as of December 31, 2023G, to SAR 7.7 million as of September 30, 2024G. Overall, the balance of aircraft deposits declined between December 31, 2023G, and September 30, 2024G, after the Company adopted a new policy to replace cash deposits given to suppliers with standby letter of credits.

Trade Receivables

The following table shows trade receivables as of 31 December 2023G and 30 September 2024G.

Table 6.67: Trade Receivables

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Third-party customers	286.1	482.8	68.8%
Related parties	91.4	88.7	(2.9%)
	377.5	**571.6**	**51.4%**
Allowance for expected credit losses	(77.8)	(98.9)	27.1%
Total	**299.7**	**472.7**	**57.7%**

Source: Financial Statements and Management Information

At the overall level, net trade receivable balance (after deducting provision for expected credit loss) increased by 57.7% from SAR 299.7 million as of 31 December 2023G to SAR 472.7 million as at 30 September 2024G. The increase was primarily linked to the increase in receivables from the Flynas Hajj and Umrah segment during the last Hajj season in the first nine months of 2024G.

Third-party customers' balance increased by 68.8% from SAR 286.1 million as of 31 December 2023G to SAR 482.8 million as of 30 September 2024G due to the increase in receivables from the Flynas Hajj and Umrah segment.

Receivables from related parties decreased by 2.9% from SAR 91.4 million to SAR 88.7 million between 31 December 2023G and 30 September 2024G due to the increase in receivables from NAS Jet following the increase in transaction values.

The balance of the provision for expected credit losses did not materially change between 31 December 2023G and 30 September 2024G.

Table 6.68: Aging of Accounts Receivable

SAR'm	Not due	From 0 days to 30 days	From 30 days to 60 days	From 60 days to 180 days	From 181 days to 360 days	More than 361 days	Total balance
As at 30 September 2024G	105.3	194.7	57.2	84.9	50.0	79.6	571.6

Source: Management Information

The balance of receivables as of September 30, 2024G, includes overdue amounts. As shown in the table above, receivables that have been overdue for more than 361 days represented 13.9% of the total receivables balance as of September 30, 2024G. As mentioned in previous sections, the Company's management follows a strict policy regarding the collection of receivables, and several measures have been implemented to accelerate the collection process within the normal course of business. Additionally, the Company has set aside significant provisions for overdue and doubtful receivables.

Prepayments and other current assets

The following table shows the prepayments and other current assets of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.69: Prepaid Expenses and Other Assets

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Progress payments for aircraft maintenance expenditure	8.1	2.8	(65.5%)
Receivable from Parent Company	24.7	47.8	93.6%
Deposits to vendors	44.6	202.6	354.5%
Deposits to suppliers	18.8	35.2	87.5%
Prepayments	9.7	8.1	(16.2%)
Contract assets	8.2	13.1	58.8%
Other receivables	6.0	5.6	(7.1%)
Total	**120.0**	**315.1**	**162.5%**

Source: Financial Statements and Management Information

Progress payments for aircraft maintenance expenditure decreased by 65.5% from SAR 8.1 million as of 31 December 2023G to SAR 2.8 million as of 30 September 2024G. These balances fluctuate continuously within the normal course of business as there is fluctuation in the frequency of periodic maintenance.

Receivable from the parent Company increased by 93.6% from SAR 24.7 million as of 31 December 2023G to SAR 47.8 million as of 30 September 2024G. The increase was related to transactions with the former parent company during the period before Flynas' separation from the parent company.

Deposits to vendors increased by 354.5% from SAR 44.6 million as of 31 December 2023G to SAR 202.6 million as of 30 September 2024G. The increase was related to deposits made by the Company concerning several letters of guarantee issued to various suppliers and external parties through a bank. The increase was primarily driven by letters of credit issued amounting to SAR 159.7 million through a bank, with a 100% margin, for the issuance of six letters of credit.

The balance of deposits to suppliers increased by 87.5% from SAR 18.8 million as of 31 December 2023G to SAR 35.2 million as of 30 September 2024G. The increase was impacted by the increase in the volume and value of transactions with security and passenger services suppliers in line with the increase in business volume between the two mentioned periods.

The balance of prepayments decreased by 16.2% from SAR 9.7 million as of 31 December 2023G to SAR 8.1 million as of 30 September 2024G as a result of the write-off of several balances between the two periods.

Contract asset balances increased by 58.8% from SAR 8.2 million as of 31 December 2023G to SAR 13.1 million as of 30 September 2024G. The increase was mainly linked to higher balances deposited in several banks and financial institutions as part of the normal business operations.

Other receivables balance decreased by 7.1% from SAR 6.0 million as of 31 December 2023G to SAR 5.6 million as of 30 September 2024G. The decrease occurred within the normal course of business. It should be noted that other receivables mainly consist of advances provided to employees (housing advances) and which are expected to be fully collected.

Bank Deposits

The balance of bank deposits did not record any significant change between 31 December 2023G and 30 September 2024G.

Cash and Cash Equivalents

The following table shows cash and cash equivalents for the Company as of 31 December 2023G and 30 September 2024G.

Table 6.70: Cash and Cash Equivalents

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Cash in hand	1.2	2.0	67.3%
Cash at banks	490.4	450.2	(8.2%)
Bank deposits	958.8	1,353.7	41.2%
Total	**1,450.5**	**1,806.0**	**24.5%**
Bank deposits - with original maturity of more than 3 months	56.3	56.3	-
Total	**1,506.7**	**1,862.2**	**23.6%**

Source: Financial Statements Management Information

Cash and cash equivalents include bank deposits with an original maturity of more than 3 months increased by 23.6% from SAR 1,506.7 million as of 31 December 2023G to SAR 1,862.2 million as of 30 September 2024G. The increase in cash and cash equivalents was primarily influenced by the movement in cash flows from operating activities, which rose by 44.1% from SAR 883.8 million in the nine-months period ended 30 September 2023G to SAR 1,274.1 million in the nine-months period ended 30 September 2024G due to the increase in net profit for the period.

Net Equity

The following table shows the Company's net equity as of 31 December 2023G and 30 September 2024G.

Table 6.71: Net Equity

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Share capital	1,534.3	1,534.3	-
Statutory reserves	0.2	0.2	-
(Accumulated losses) / retained earnings	(308.3)	184.3	(159.8%)
Net equity	**1,226.1**	**1,718.7**	**40.2%**

Source: Financial Statements and Management Information

Share capital witnessed no change in value between 31 December 2023G and 30 September 2024G.

Statutory reserves remained stable with a constant balance of SAR 0.2 million between 31 December 2023G and 30 September 2024G.

Accumulated losses increased by 159.8% from a loss of SAR 308.3 million as at 31 December 2023G to a profit of SAR 184.3 million as at 30 September 2024G, following the increase in profit for the period from SAR 326.9 million in the nine-months period ending on 30 September 2023G to SAR 492.6 million in the nine-months period ending on 30 September 2024G.

Non-Current Liabilities

The following table shows the non-current liabilities as of 31 December 2023G and 30 September 2024G.

Table 6.72: Non-Current Liabilities

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Trade and other payables	124.0	32.0	(74.2%)
Lease liabilities	4,984.4	5,373.9	7.8%
Aircraft related provisions	2,666.6	2,936.0	10.1%
Loans	425.2	166.3	(60.9%)
Employees' end of service benefits liabilities	231.5	253.3	9.4%
Total non-current liabilities	**8,431.7**	**8,761.5**	**3.9%**

Source: Financial Statements and Management Information

The balance of non-current liabilities increased by 3.9% from SAR 8,431.7 million as of 31 December 2023G to SAR 8,761.5 million as of 30 September 2024G. The increase was concentrated in the balances of lease liabilities and aircraft related provisions. In terms of lease liabilities, the balance increased by 7.8% from SAR 4,984.4 million as of 31 December 2023G to SAR 5,373.9 million as of 30 September 2024G, being driven by the increase in the number of aircraft acquired under capital lease. On the other hand, the increase in aircraft related provisions by 10.1% from SAR 2,666.6 million as at 31 December 2023G to SAR 2,936.0 million as at 30 September 2024G was due to increase in the number of leased aircrafts. It is worth noting that the Company acquired six additional aircrafts under finance lease agreements between the mentioned periods.

Trade and Other Payables

The following table shows the trade and other payables of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.73: Trade and Other Payables

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Trade payables	1,030.9	887.3	(13.9%)
Accrued expenses	518.0	480.0	(7.3%)
Passenger taxes payable	125.5	124.8	(0.5%)
Taxes payable (Zakat and VAT)	43.4	19.4	(55.3%)
Due to related parties	8.8	5.4	(37.9%)
Other payables	151.9	150.2	(1.1%)
Total	**1,878.5**	**1,667.2**	**(11.2%)**
Non-current portion	(124.0)	(32.0)	(74.2%)
Total	**1,754.5**	**1,635.2**	**(6.8%)**

Source: Financial Statements and Management Information

Trade payables balance decreased by 13.9% from SAR 1,030.9 million as of 31 December 2023G to SAR 887.3 million as of 30 September 2024G. The partial decrease was driven by the payments made to suppliers by the Company.

Accrued expenses decreased by 7.3% from SAR 518.0 million as of 31 December 2023G to SAR 480.0 million as of 30 September 2024G following the decrease in the accrued maintenance related to the Hajj and Umrah sector.

In terms of passenger taxes payable, the balance decreased by 0.5% from SAR 125.5 million as of 31 December 2023G to SAR 124.8 million as of 30 September 2024G due to continuous settlements. The taxes payable are the liabilities owed to government authorities applicable to passengers on the flight routes operated by the Company's aircrafts during their various trips.

In terms of taxes payable (Zakat and VAT), the balance decreased by 55.3% from SAR 43.4 million as of 31 December 2023G to SAR 19.4 million as of 30 September 2024G due to continuous settlements.

The amount due to related parties decreased by 37.9%, from SAR 8.8 million as of December 31, 2023G, to SAR 5.4 million as of September 30, 2024G, following continuous repayments of outstanding amounts between the two periods.

Additionally, there was no significant change in the value of other payables between December 31, 2023G, and September 30, 2024G.

The following table shows the ageing of the Company's trade payables as of 30 September 2024G.

Table 6.74: Ageing of accounts payable by major creditors (top ten)

SAR'm	Not due	From 0 days to 30 days	From 31 days to 60 days	From 61 days to 90 days	From 91 days to 120 days	From 121 days to 180 days	From 181 days to 365 days	More than 366 days	Unallocated	Total balance
As at 30 September 2024G	85.6	125.1	24.8	58.7	44.9	30.0	130.2	383.3	4.7	887.3

Source: Management Information

As shown in the table above, the balance of payables included overdue amounts for a period exceeding one year of SAR 383.3 million as at 30 September 2024G. The delay in settling suppliers' dues is within the context of normal business operations, and it is expected that all outstanding amounts will be paid through ongoing communication with the suppliers.

Lease Liabilities

The following table shows the Company's lease liabilities as of 31 December 2023G and 30 September 2024G.

Table 6.75: Lease Liabilities

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
January 1	3,631.7	5,525.0	52.1%
Additions	2,307.1	597.0	(74.1%)
Adjustments	-	34.2	100.0%
Finance cost	251.2	325.0	29.4%
Payments	(664.9)	(644.0)	(3.1%)
Total	**5,525.0**	**5,837.2**	**5.7%**

Source: Financial Statements and Management Information

In terms of lease liabilities, the balance partially increased by 5.7% from SAR 5,525.0 million as of 31 December 2023G to SAR 5,837.2 million as of 30 September 2024G. The relative increase was associated with an increase in the number of aircrafts acquired by the Company under capital leases. As previously mentioned, the Company acquired six new aircraft between December 31, 2023G, and September 30, 2024G.

Aircraft-Related Provisions

The table shows the Company's aircraft related provisions as of 31 December 2023G and 30 September 2024G.

Table 6.76: Aircraft-Related Provisions

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
January 1	1,705.5	2,823.6	65.6%
Additions	1,092.6	266.8	(75.6%)
Finance cost	126.2	135.4	7.3%
Payments	(100.8)	(66.5)	(34.0%)
	2,823.6	**3,159.3**	**11.9%**
Current portion	157.0	223.3	42.2%
Non-current portion	2,666.6	2,936.0	10.1%
Total	**2,823.6**	**3,159.3**	**11.9%**

Source: Financial Statements and Management Information

The balance of aircraft-related provisions for non-current portion increased by 10.1% from SAR 2,666.6 million as of 31 December 2023G to SAR 2,936.0 million as of 30 September 2024G, driven by the rise in the number of aircraft acquired under finance lease agreements (six new aircraft between the mentioned periods).

Loans

The table shows the Company's loans as of 31 December 2023G and 30 September 2024G.

Table 6.77: Loans

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Murabaha Facility	625.2	428.5	(31.5%)
Saudi Industrial Development Fund	75.0	-	(100.0%)
Saudi Industrial Development Fund	144.5	124.5	(13.8%)
Total	**844.7**	**553.0**	**(34.5%)**

Source: Financial Statements and Management Information

The balance of loans recorded a decrease of 34.5% from SAR 844.7 million as of 31 December 2023G to SAR 553.0 million as of 30 September 2024G as a result of ongoing repayments. It should be noted that the cash outflows related to loan repayments amounted to SAR 291.7 million in the nine-months period ended September 30, 2024G.

Employee End-of-Service Benefits

The table shows the end-of-service benefits liabilities of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.78: Employee End-of-Service Benefits Liabilities

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
January 1,	195.2	231.5	18.6%
Charge for the year	35.1	37.6	6.9%
Benefits paid	(13.3)	(15.8)	18.2%
Remeasurement loss / (gain) on EOSB	14.5	-	(100.0%)
Total	**231.5**	**253.3**	**9.4%**

Source: Financial Statements and Management Information

The balance of end-of-service liabilities for employees increased by 9.4% from SAR 231.5 million as of 31 December 2023G to SAR 253.3 million as of 30 September 2024G driven by the increase in number of employees between the two mentioned periods. As mentioned above, the pace of hiring increased between the nine-months period ended September 30, 2023G, and the nine-months period ended September 30, 2024G, to meet the rising demands of the business.

Current liabilities

The table shows the Company's current liabilities as of 31 December 2023G and 30 September 2024G.

Table 6.79: Current liabilities

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Trade and other payables	1,754.5	1,635.2	(6.8%)
Lease liabilities	540.6	463.3	(14.3%)
Aircraft related provisions	157.0	223.3	42.2%
Loans	419.5	386.7	(7.8%)
Contract liabilities	335.2	478.8	42.8%
Total current liabilities	**3,206.8**	**3,187.4**	**(0.6%)**

Source: Financial Statements and Management Information

Value of current liabilities balances did not materially change between 31 December 2023G and 30 September 2024G, but rather recorded a slight decrease of 0.6% from SAR 3,206.8 million to SAR 3,187.4 million between the two periods, mainly due to the decrease in lease liabilities, loans and trade and other payables.

The increase in the aircraft related provisions balances was driven by the increase in number of aircrafts acquired by the Company under capital leases. As for contract liabilities and as mentioned above, the increase was associated with the increase in the balances of tickets used following the accelerated pace of advance ticket bookings due to the increase in the number of passengers.

Contract liabilities

The following table shows the Company's contract liabilities as of 31 December 2023G and 30 September 2024G.

Table 6.80: Contract Liabilities

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September	Increase/(Decrease)
	2023G	2024G	2023G-2024G
Unutilized tickets	322.1	462.4	43.6%
Customer loyalty points	9.1	12.5	36.7%
Advances from customers	3.9	3.9	(1.1%)
Total	**335.2**	**478.8**	**42.8%**

Source: Financial Statements and Management Information

The balance of contract liabilities increased by 42.8% from SAR 335.2 million as of 31 December 2023G to SAR 478.8 million as of 30 September 2024G.

The increase was concentrated in unutilized tickets balances and was in line with the revenue movement between the two mentioned periods and the increase in the number of passengers who resort to advance booking of their tickets. We previously mentioned that the number of passengers in the Flynas LCC segment increased by 36.8% during the nine-months period ended September 30, 2024G.

6.11.3 Balances with Related Parties

The table shows the balances with the related parties of the Company as of 31 December 2023G and 30 September 2024G.

Table 6.81: Related Party Balances

SAR'm	Nature of relationship	Financial period ended 31 December	Nine-months period ended 30 September	Increase/ (Decrease)
		2023G	2024G	2023G-2024G
Due from related parties				
NAS Private Aviation Company Limited - NAS Jet	Associate company	69.4	88.7	27.9%
National Air Services - NAS Holding	Parent company	24.7	47.8	93.6%
KalAir International Limited	An entity under common control	22.0	-	(100.0%)
Total		**116.1**	**136.6**	**17.7%**
Due to related parties				
NAS Holding Company	An entity under common control	5.3	5.4	2.2%
KalAir Limited	An entity under common control	3.3	-	(100.0%)
Others	An entity under common control	0.1	-	(100.0%)
Total		**8.8**	**5.4**	**(37.9%)**

Source: Financial Statements and Management Information

The receivable balance from related parties increased by 17.7%, rising from SAR 116.1 million as of December 31, 2023G, to SAR 136.6 million as of September 30, 2024G, due to the higher volume of financial support provided by the Company between the two periods.

On the other hand, the payable balance to related parties decreased by 37.9%, from SAR 8.8 million as of December 31, 2023G, to SAR 5.4 million as of September 30, 2024G, as a result of ongoing repayments.

6.11.4 Cash Flows

The following table shows the Company's cash flows for the six months ended 30 September 2023G and 30 September 2024G.

Table 6.82: Cash Flows

SAR'm	Nine-months period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Net cash generated from operating activities	883.8	1,274.1	44.1%
Net cash generated from investing activities	76.1	73.5	(3.4%)
Net cash used in financing activities	(814.7)	(992.1)	21.8%
Net increase in cash and cash equivalents	**145.2**	**355.5**	**144.8%**
Cash and cash equivalents at the beginning of the period	1,188.3	1,450.5	22.1%
Cash and cash equivalents at the end of the period	**1,333.5**	**1,806.0**	**35.4%**
Free cash flow = Net cash flows generated from operating activities + Net cash flows generated from investing activities.	**959.9**	**1,347.6**	**40.4%**

Source: Interim Financial Information

Net cash flow increased by 144.8% from SAR 145.2 million for the nine-months period ended 30 September 2023G to SAR 355.5 million for the nine-months period ended 30 September 2024G due to the increase in cash flows used in operating activities by 44.1%, from SAR 883.8 million to SAR 1,274.1 million between the two periods due to the rise in interest expenses associated with loans and lease obligations.

Net cash flow from operating activities

The following table shows the cash flows from the Company's operating activities for the nine months ended 30 September 2023G and 30 September 2024G.

Table 6.83: Cash flows from operating activities

SAR'm	Nine-months period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Operating activities			
Profit for the period before zakat	339.4	510.8	50.5%
Adjustments:			
Depreciation on equipment and fixtures	49.0	35.7	(27.1%)
Depreciation on right-of-use assets	591.5	789.0	33.4%
Provision for employees' end of service benefits liability	33.2	37.6	13.3%
Finance income	(39.4)	(51.8)	31.5%
Finance cost	275.9	496.3	79.9%
Gain on sale of equipment and fixtures	(172.7)	(130.7)	(24.3%)
Provision for expected credit loss	-	21.1	na
	1,077.0	**1,707.9**	**58.6%**
Operating cash flows before working capital changes			
Stores and spares	0.2	0.3	42.2%
Deposits for aircraft	(3.0)	53.2	(1,872.9%)
Trade receivables	(170.2)	(194.1)	14.1%
Prepayments and other current assets	(78.1)	(195.1)	149.9%
Trade and other payables	111.7	(211.3)	(289.1%)
Aircraft related provisions	(152.5)	(66.5)	(56.4%)

SAR'm	Nine-months period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Contract liabilities	68.3	143.6	110.3%
Operating cash flows generated after changes in working capital			
Employees' benefits paid	(9.0)	(15.8)	75.4%
Finance income received	39.4	51.8	31.4%
Net cash flows generated from operating activities	**883.8**	**1,274.1**	**44.1%**

Source: Interim Financial Information

Net cash flow generated from operating activities increased by 44.1% from SAR 883.8 million for the nine-months period ended 30 September 2023G to SAR 1,274.1 million for the nine-months period ended 30 September 2024G. This increase was primarily influenced by the increase in profit for the period before zakat, which grew from SAR 339.4 million to SAR 510.8 million between the two periods.

Net cash flow from investing activities

The following table shows the cash flows from the Company's investment activities for the nine months ended 30 September 2023G and 30 September 2024G.

Table 6.84: Cash flows from investing activities

SAR'm	Nine-months period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Acquisition of equipment (net of advance payments)	(134.6)	(62.5)	(53.6%)
Advance payments for aircraft (before delivery)	(235.9)	(219.0)	(7.2%)
Recovery of advance payments for aircraft (before delivery)	280.9	240.8	(14.3%)
Acquisition of equipment and fixtures	(89.6)	(40.7)	(54.6%)
Proceeds from the sale of equipment and fixtures	222.0	114.2	(48.6%)
Investments in bank deposits	(56.3)	-	(100.0%)
Net cash flows generated from investing activities	**76.1**	**73.5**	**(3.4%)**

Source: Interim Financial Information

The net cash generated flows from investing activities recorded by the Company decreased from SAR 76.1 million in the nine-months period ended September 30, 2023G, to SAR 73.5 million in the nine-months period ended September 30, 2024G. Overall, cash flows from investing activities were linked to the additions and sales of equipment, properties, and fixtures. The decline in cash flows from investing activities was attributed to a decrease in the value of additions to assets and equipment between the two periods.

Net cash flow from financing activities

The following table shows the cash flows from the Company's financing activities for the six months ended 30 September 2023G and 30 September 2024G.

Table 6.85: Cash flows from financing activities

SAR'm	Nine-months period ended 30 September		Increase/(Decrease)
	2023G	2024G	2023G-2024G
Payment of lease liabilities – principal element	(317.0)	(319.0)	0.6%
Repayment of loan	(303.0)	(291.7)	(3.7%)
Finance cost paid	(194.7)	(381.4)	95.9%
Net cash flows used in financing activities	**(814.7)**	**(992.1)**	**21.8%**

Source: Interim Financial Information

Cash outflows used in financing activities increased by 21.8% from SAR 814.7 million for the nine-months period ended 30 September 2023G to SAR 992.1 million for the nine-months period ended 30 September 2024G due to the increase in the value of repayments related to loans, lease liabilities, and financing costs.

6.11.5 Contingent and Commitments

The following table outlines the contingencies and commitments as of 31 December 2023G and 30 September 2024G.

Table 6.86: Contingent and commitments

SAR'm	Financial period ended 31 December	Nine-months period ended 30 September
	2023G	2024G
Purchase of aircraft	15,012	13,835
Bank Guarantee	7.0	1.1
Performance Guarantee	1.8	1.4
Standby LC	598.0	1,045.3

Source: Management Information

Capital Commitments

Capital commitments primarily represent obligations to Airbus concerning the purchase of approximately 67 aircrafts. The value of these commitments partially decreased from SAR 15,012 million as at December 31, 2023G, to SAR 13,835 million as at September 30, 2024G. The value of these commitments fluctuates based on the movement of realizations.

Letters of Guarantee

The value of the letters of guarantee was primarily associated with the letters issued to the Civil Aviation Authority and various airport management companies. The decline in the value of guarantees, from SAR 7.0 million as at December 31, 2023G, to SAR 1.1 million as at September 30, 2024G. The movement in the value of these letters does not follow a specific trend, as the Company issues the letter whenever needed and based on the demands of the parties involved.

Performance Guarantees

The Company issues multiple performance guarantees for various airlines and airport management companies. The value of these guarantees fluctuates within the normal course of business.

Letters of credit

These letters were issued to leasing companies in exchange for certain deposits and maintenance reserves according to contracts made with several aircraft lessors. The increase in the value of letters of credit from SAR 597.9 million as at December 31, 2023G, to SAR 1,045.3 million as at September 30, 2024G, was influenced primarily by additional letters of credit issued mainly for additional aircrafts leased by the Company under financial lease agreements during the nine-months period ended 30 September 2024G.

7. Dividend Distribution Policy

Pursuant to Article 107 of the Companies Law, each Shareholder is equally entitled to the rights and obligations attached to the Shares, including in particular the right to receive a portion of the dividends declared. Payment of any dividends will be recommended by the Board as part of its annual report before being approved by the Shareholders at a General Assembly meeting. However, there are no guarantees of actual dividends. Any decision to pay dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements and market and general economic conditions, the Company's *Zakat* position, and other such factors as the Board of Directors deems relevant, in addition to legal and regulatory considerations. The Company's expectations regarding these factors are dependent on many assumptions, risks and uncertainties that may be beyond the Company's control. For a discussion of the risks associated with distribution of dividends, see Section 2.3.8 "**Risks Related to the Company's Ability to Distribute Dividends**" of this Prospectus.

The Company intends to distribute annual profits to its Shareholders to increase the value of their investments in the Company based on the profits it receives, commensurate with its financial position, capital expenditures, investment requirements, restrictions on dividend distributions under financing and debt agreements, the results of the Company's activities, the Company's current and future financing needs, the Company's expansion plans and investment requirements, among other factors, including the condition of the market, analysis of investment opportunities, the Company's profit reinvestment requirements, monetary and capital requirements, commercial expectations and the impact of any such distributions on any legal or statutory considerations.

In addition, investors willing to invest in Offer Shares should be aware that the dividend distribution policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders on annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

Pursuant to the Company's Bylaws, following the deduction of all general expenses and other costs, the Company's net profits shall be distributed as follows:

1. 10% of the net profits shall be allocated to form a statutory reserve. The Ordinary General Assembly may cease such allocation when the reserve reaches 30% of the paid-up capital.
2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a certain portion of the net profits to form a voluntary reserve and allocate it for a specific purpose or purposes.
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends as much as possible to Shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to create social institutions for the Company's employees, or to support existing institutions of such kind.
4. The General Assembly shall determine the percentage to be distributed to Shareholders from the net profits after deduction of the reserves, if any.
5. Shareholders shall be entitled to their share of the profits in accordance with the resolution of the General Assembly in this regard, which shall specify the date of entitlement and the distribution date. Entitlement to dividends shall be for holders of shares at the end of the specified entitlement date. The regulations set the maximum period within which the Board of Directors must implement the General Assembly resolution regarding the distribution of dividends to shareholders.

It is worth noting that Company did not distribute any dividends for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. However, it should be noted that there was a transfer of the receivables balance which was not considered a distribution of assets in-kind for the purpose of the Company's financial statements for the financial year ended 31 December 2022G, amounting to SAR 28.1 million from a Shareholder to NAS Holding (the sole shareholder of the Company at the time) during the financial year ended 31 December 2022G (for further information regarding the classification of such transaction, please refer to Section 2.1.1 "**Risks Related to the Transfer of a Portion of the Company's Assets to Shareholders**" and Section 6.8.3 "**Equity**" of this Prospectus).

The Shares grant their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for subsequent financial years. Holders of Offer Shares are not entitled to any dividends declared prior to the date of this Prospectus. The first entitlement of the Offer Shares shall be in dividends declared by the Company from the date of this Prospectus and for subsequent financial years.

8. Use of Offering Proceeds

8.1 Offering Proceeds

The total proceeds of the Offering are estimated at SAR 4,100,445,440, of which approximately one hundred million Saudi Riyals (SAR 100,000,000) will be allocated to the Offering expenses, which include the fees of the Financial Advisors, Lead Manager, Underwriter, Legal Advisor to the Company, Legal Advisor to the Underwriters, the auditor, the Receiving Agents, the Market Consultant, and the Financial Due Diligence Advisor, as well as marketing, printing distribution, and translation fees and other expenses related to the Offering.

The Offering expenses will be deducted from the Offering Proceeds and divided proportionally between the Company and the Selling Shareholders based on the number of Offer Shares sold by each Selling Shareholder and the new Offer Shares.

8.2 Use of the Net Offering Proceeds

The Net Offering Proceeds, amounting to approximately (SAR 4,000,445,440) (after deduction of the Offering expenses), will be distributed as follows:

1. An amount of SAR 2,640,293,990, representing 66% of the Net Offering Proceeds, resulting from the sale of 33,828,675 shares from the Sale Shares, will be distributed as follows:.

   - An amount of SAR 956,106,460, representing 23.9% of the Net Offering Proceeds, constituting the net proceeds from the sale of (1) all of the Company's treasury shares, totaling 8,320,237 shares, representing 5.42% of the Company's shares (and representing approximately 16.2% of the Offer Shares) ; and (2) 3,953,763 shares, representing 2.58% of the Company's shares (and representing approximately 7.7% of the Offer Shares), which will be sold by the Current Shareholders on a proportional basis as part of the Offer Shares and will be distributed and utilized for the purpose of financing the Company's Incentive Program for eligible Directors and Senior Executives, in accordance with the provisions of the Company's Incentive Program approved in cash by the Company's General Assembly – provided that cash rewards shall be disbursed to the beneficiaries (a) the Directors, members of the Board committees and the CEO, within 30 days of the completion of the Offering; and (b) the Company's employees (excluding the CEO), 50% of the cash reward due shall be disbursed within 30 days of the completion of the Offering, provided that 25% of the cash reward due shall be disbursed after 12 months from the date of completion of the Offering and the remaining amount shall be disbursed after 24 months from the date of completion of the Offering. – pursuant to the General Assembly resolution dated 27/11/1445H (corresponding to 04/06/2024G) approving the Offering (for further information, please refer to Section 5.9 "**The Company's Reward and Incentive Program**" of the Prospectus). It is worth mentioning that the sale of 8,320,237 treasury shares or the use of proceeds from the sale will not result in the issuance of new shares or an increase in the Company's capital.
   - An amount of SAR 1,684,187,530, representing 42.1% of the Net Offering Proceeds, will be distributed to the Selling Shareholders on a proportional basis based on the percentage of ownership of each of them in the Sale Shares that will be sold through the Offering (after deducting the offering proceeds resulting from the sale of 3,953,763 shares, representing 2.58% of the Company's shares (and representing approximately 7.7% of the Offer Shares) from the Current Shareholders on a proportional basis as mentioned above).

2. An amount of SAR 1,360,151,449, representing 34.0% of the Net Offering Proceeds, resulting from the sale and issuance of 17,426,893 new shares, will be distributed to the Company. The Company intends to use its share of the net proceeds from the Offering of a total of 17,426,893 new shares for the following purposes:

   - Increasing and expanding the Company's fleet size by leasing or financing new aircraft from existing purchase orders under the purchase agreement entered between the Company and Airbus by the end of 2016G. This includes the purchase of 195 aircrafts, 53 of which have been delivered as of 30 September 2024G, and the remaining 142 aircrafts are expected to be delivered between 2024G and 2033G. This is in addition to financing new aircraft purchase orders, as the Company has reached an understanding with Airbus regarding its plan to purchase 30 wide-body A330neo aircrafts. In

November 2024G, the Company entered into a new agreement with Airbus to purchase 30 wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model, bringing the total number of aircraft orders to 225, with 53 of these aircrafts having been delivered as of 30 September 2024G.

- Establishing new operations centers in both its international and domestic markets, as the Company intends to strengthen its position in key markets and increase capacity on existing routes, in addition to expanding its network and increasing its seat capacity by launching new routes in both existing and new markets. The Company is expected to increase the number of routes from 134 in the financial year ended 31 December 2023G to more than 350 routes in 2030G.
- General corporate purposes, including the repayment of debts to certain local creditors, especially those related to airport fees and services, and the development of its facilities, services and systems.

The following table summarizes the expected use of the Company's share of the Net Offering Proceeds by item:

Table 8.1: Expected Use of the Company's Share of the Net Offering Proceeds by Item

Item	Expected Use of the Company's Share of the Net Offering Proceeds (%)(1)(2)(3)	Timeframe for Use of the Offering Proceeds	Estimated Cost (SAR Million)	Expected Use of the Net Offering Proceeds (SAR million)
Increasing and expanding the Company's fleet size	50% to 60%	1-36 months	SAR 1,399.90	SAR 680.07 - 816.09
Establishing new operations centers	20% to 30%	1-36 months	SAR 412.50	SAR 272.03 - 408.05
General corporate purposes	20% to 30%	1-24 months	SAR 397.50	SAR 272.03 - 408.05

(1) For further information regarding potential changes to the expected utilization of the Company's share of the above-mentioned Net Offering Proceeds, please refer to Section 8.3 "**Timeline for the Expected Use of the Net Offering Proceeds and Potential Changes**" of this Prospectus.

(2) Subject to Note 1 above and Sections 8.2 "**Use of the Net Offering Proceeds**" and Section 8.3 "**Timeline for the Expected Use of the Net Offering Proceeds and Potential Changes**" of this Prospectus, the uses of the Company's share of the Net Offering Proceeds, as detailed in the items specified in the above table, will not exceed 100% of the Company's share of the Net Offering Proceeds.

(3) If there is a surplus in the Net Offering Proceeds, the Company will use the surplus for working capital needs. If there is a shortfall in the Net Offering Proceeds, the Company intends to utilize bank facilities to cover the shortfall.

Source: Company's information

8.2.1 Increasing and Expanding the Company's Fleet Size

As of 30 September 2024G, the Company has received 53 aircrafts out of a total of 195 aircrafts ordered through a previous purchase order, with the remaining 142 aircrafts to be delivered between H2 2024G and 2033G. In November 2024G, the Company entered into a new agreement with Airbus to purchase 30 wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase an additional 15 aircrafts of the same model, in order to meet its operational and expansion needs. Furthermore, the Company intends to fund the contractual down payments payable upon signing during Q3 of the financial year ending 31 December 2025G using 10%-20% of the Net Offering Proceeds.

Furthermore, 40% to 50% of the Net Offering Proceeds, in addition to other financing sources, will be used to finance pre-delivery payment obligations for new aircraft, which is expected to take place from Q3 of the financial year ended 31 December 2025G until Q1 of the financial year ended 31 December 2028G, as per the delivery schedule to be precisely determined by Airbus. Pre-delivery payments for each aircraft will be made pursuant to prior notifications from suppliers (i.e., Airbus in this context) received by the Company based on the expected delivery schedule.

8.2.2 Establishing New Operations Centers

The Company intends to allocate 20%-30% of the Net Offering Proceeds to finance its expansion plan, whereby the Company aims to expand by establishing new operations centers in the Kingdom in accordance with its growth strategy, and may also consider establishing operations centers outside the Kingdom. The Company also plans to expand its network within a 5-6 hour flying distance in Europe, West Asia, Northern/Central Africa, and the Indian subcontinent by using A320neo aircraft. In addition, the Company is working on adding A321neo aircraft to its fleet to enable it to extend its flight distances to 7 or 9 hours and add certain long-haul destinations to its network. This expansion is expected to be fully implemented over eight years, from 2029G to 2033G. This plan will take into account other factors such as favorable conditions and opportunities and reaching appropriate agreements in a way which accords with the Company's interest and reflects positively on the Company's performance and financial position.

8.2.3 General Corporate Purposes

The remaining 20%-30% of the Net Offering Proceeds will be used for general corporate purposes, including to fund certain strategic initiatives such as developing and activating internal resources to manage cargo operations, continuing to advance digital transformation, and developing its facilities, services and systems associated therewith, which are expected to be incurred by the Company due to the implementation of the Company's growth strategy, which includes expanding the Company's operation centers and network, which are expected to be used during the period from Q2 of the financial year ended 2025G until Q1 of the financial year ended 2027G, in a way which accords with the Company's interest and reflects positively on the Company's performance and financial position, in addition to repayment of debts to certain local creditors, specifically SIDF, in which the loan agreement obtained by the Company on 02/04/1444H (corresponding to 27/10/2022G) for SAR 164.5 million includes a commitment by the Company to use the Offering Proceeds to repay the loan and its dues, with the loan to be repaid in four semi-annual installments starting from December 2023G and extending to April 2025G. The final remaining installment to be paid by the Company amounts to SAR 62.25 million, due in April 2025G (for further information, please refer to Section 13.5(c) "**Loan Contract with the Saudi Industrial Development Fund**" of this Prospectus).

8.3 Timeline for the Expected Use of the Net Offering Proceeds and Potential Changes

The Company intends to utilize its entire share of the Net Offering Proceeds to cover some or all of the aforementioned uses within 3 years from the date of this Prospectus. The expected utilization plans for the Company's share of the Net Offering Proceeds reflect the Company's business plan and market conditions as of the date of this Prospectus. Accordingly, the expected use of the Company's share of the Net Offering Proceeds is subject to change, upon approval by the General Assembly, depending on any economic, social or political developments as well as any potential changes in the Company's business plan.

9. Capitalization and Indebtedness of the Company

The Substantial Shareholders own 84.909% of the Company's Shares pre-Offering. Upon completion of the Offering, the Substantial Shareholders will own 62.844% of the Company's shares and will therefore retain a controlling interest.

The following table shows the Company's capitalization as of the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G. The following table should be read in conjunction with the respective financial statements, along with the accompanying notes thereto, which are included in Section 20 "**Financial Statements and Independent Auditor's Report**" of this Prospectus.

Table 9.1: Capitalization and Indebtedness of the Company for the Financial Years Ended 31 December 2021G, 2022G and 2023G and the Nine-Month Period Ended 30 September 2024G

Million SAR	Financial Year Ended 31 December			Nine-Month Period Ended 30 September 2024G
	2021G	2022G	2023G	
Total loans [1]	297.9	1,233.1	844.7	553
Shareholders' equity				
Share capital	1,534.3	1,534.3	1,534.3	1,534.25
Statutory reserves	0.2	0.2	0.2	0.15
Accumulated losses	(856.9)	(695.2)	(308.3)	(368.25)
Net equity	**677.5**	**839.2**	**1,226,1**	**1,718.7**
Total capitalization (total loans + net equity)	975.3	2,072.3	2,070.8	2,096.43
Total capitalization/total loans	0.3	0.6	0.4	0.4

Source: Financial Statements and Management Information.

[1] Total loans are composed of the sum of the current loans and non-current loans for the year/period.

The Directors declare that:

1. None of the shares of the Company are under option.
2. The Company does not have any debt instruments as of the date of this Prospectus.
3. The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse and material change to the Company's business.

10. Expert Statements

All of the Advisors and the Independent Auditor, whose names are listed on pages (vii) to (ix) hereof, have given and, as of the date of this Prospectus, have not withdrawn, their written consent to the reference to their names, addresses and logos and to the publication of their statements in this Prospectus. Neither they nor any of their employees forming part of the team serving the Company or any of their relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence. For the purposes of this paragraph, relatives are defined as immediate family members in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) as endorsed in the Kingdom.

11. Declarations

The Directors declare that:

1. There has been no interruption in the Company's business that may have or has had a significant impact on its financial position during the previous 12 months.
2. Except as disclosed in Section 6 "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" no commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company during the three (3) years immediately preceding the date of application for registration and offer of the securities subject to this Prospectus with respect to the issuance or offering of any securities.
3. Except as disclosed in Section 6 "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" of this Prospectus, there has been no material adverse change in the financial or commercial position of the Company during the three years immediately preceding the date of application for registration and offer of the securities subject to this Prospectus, as well as the period covered by the Independent Auditor's report up to the approval of this Prospectus.
4. Except as disclosed in Section 5.7 "**Direct and Indirect Interests of the Directors and Executive Management**" of this Prospectus, none of the Directors, members of the Executive Management, the Board Secretary or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or its subsidiaries (if any) or any interest in any other matter that may affect the Company's business.
5. The Company has working capital sufficient for a period of at least 12 months immediately following the date of publication of this Prospectus.
6. The Offering does not violate the applicable laws and regulations of the Kingdom.
7. The Offering does not prejudice any of the contracts or agreements to which the Company is a party.
8. All material legal information relating to the Company has been disclosed in this Prospectus.
9. Except as disclosed in Section 13.10 "**Claims and Litigation**" of this Prospectus, the Company is not involved in any lawsuits or proceedings that may, individually or collectively, have a material impact on the Company's business or its financial position.
10. The Directors are not subject to any litigation or legal proceedings that may individually or collectively have a material effect on the Company's business or its financial position.
11. None of the agreements with Related Parties described in this section include any preferential conditions and all such agreements have been executed in a legal and regular manner and on an arm's length basis. Except as disclosed in this section of the Prospectus, the Directors declare that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with another Related Party.
12. They will comply with the restrictions and requirements of Articles 27 and 71 of the Companies Law and the directives of Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA regarding agreements with Related Parties.
13. The Directors declare that, to the best of their knowledge and belief, there are no material risks as of the date of this Prospectus other than those described in Section 2 "**Risk Factors**" of this Prospectus that may affect investors' decisions to invest in the Offer Shares.
14. The Company does not have any subsidiaries as of the date of this Prospectus.
15. The Company does not own any businesses or assets outside the Kingdom except for its branches that are located outside the Kingdom.
16. There is no intention to make any fundamental change to the nature of the Company's business as of the date of this Prospectus.
17. They will comply with Articles 27 and 71 of the Companies Law, and Articles 42, 43 and 44 of the Corporate Governance Regulations.

18. They will refrain from voting at General Assembly meetings on contracts with Related Parties in which they have a direct or indirect interest .
19. They will not engage in business that competes with the Company's business, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.
20. None of the Company's shares are under option.
21. The Company does not have any debt instruments as of the date of this Prospectus.
22. The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse and material change to the Company's business.
23. All necessary approvals have been obtained for the Offering of the Company's shares on the Stock Exchange and for it to become a public joint stock company.
24. The Company is compliant with all terms and conditions under the agreements entered into with the entities granting all loans, facilities and financing.
25. As of the date of this Prospectus, there is no breach of the contractual terms and conditions under the agreements with the entities granting all loans, facilities and financing, and the Company is bound by all such terms and conditions.
26. All terms and conditions that may affect the decisions of subscribers to the Company's shares have been disclosed.
27. The Directors and the Chief Executive Officer shall not have the right to vote on a contract or proposal in which they have an interest.
28. The Directors and the Chief Executive Officer shall not have the right to vote on remuneration granted to them.
29. The Directors and Senior Executives shall not have the right to borrow from the Issuer.

12. Regulation of the Aviation Sector

12.1 Regulation of the Aviation Sector in the Kingdom

12.1.1 Overview

The general environment of the aviation sector is characterized by a high level of regulatory requirements and regulatory obligations. These generally include requirements to ensure safety, security, efficiency and environmental responsibility at a number of levels, both locally and internationally. The General Authority of Civil Aviation is concerned with regulating the aviation sector at the local level in the Kingdom and the role of the General Authority of Civil Aviation includes issuing relevant regulations and supervising implementation thereof.

A. General Authority of Civil Aviation

The General Authority of Civil Aviation regulates the aviation sector in the Kingdom and is organizationally linked to the Minister of Transport and Logistics Services. The General Authority of Civil Aviation is responsible for monitoring, developing and activating the aviation sector and implementing general and international policies related to the civil aviation and air transport sectors in the Kingdom. It is also the regulatory body with the authority to grant licenses and permits to companies wishing to engage in civil aviation and air transport activities in the Kingdom, in accordance with the relevant international laws, regulations and treaties. The General Authority of Civil Aviation is primarily concerned with implementing the provisions of the Civil Aviation Law.

12.1.2 Civil Aviation Law and its Implementing Regulations

The Civil Aviation Law issued by Royal Decree No. M/44, dated 18/07/1426H (corresponding to 23/08/2005G) (hereinafter referred to as the "**Civil Aviation Law**"), regulates air transport policies, airports, navigation service facilities, coordination of air transport operations and air duties, including provisions for issuing mandatory licenses to operate airlines and regulating their operations.

A. Air Traffic Control

Under the provisions of Chapter Two of the Civil Aviation Law, the General Authority of Civil Aviation has the right, in order to regulate air traffic to and from the Kingdom, to sign international treaties to regulate the operations of airlines and air carriers and facilitate the movement of aircraft, passengers, goods and mail to and from the Kingdom and across its territory. The National Committee for Air Transport Facilitation at the General Authority of Civil Aviation is concerned with air traffic control operations and air transport facilitations, in addition to coordination with relevant international bodies to ensure efficient and safe air traffic. The General Authority of Civil Aviation has also the right to remove or prevent any buildings, facilities or obstacles in the areas adjacent to airports and navigational equipment facilities, in accordance with the air easement rights stipulated in the Civil Aviation Law to ensure the safety of air navigation and ensure the operation of related equipment.

B. Aircraft Crew Licenses and Training

Under the provisions of Section Three of Chapter One of the Civil Aviation Law, the General Authority of Civil Aviation is responsible for issuing, approving and renewing aviation licenses, pilot licenses, aircraft crew licenses, air traffic controller licenses, maintenance licenses and other technical licenses related to all civil aviation services.

The Civil Aviation Law requires anyone working in the cockpit of an aircraft registered in the Kingdom or operating in its territory to obtain a valid license issued by the General Authority of Civil Aviation or the country of which the aircraft is a national, provided that the license takes into account the standards stipulated in international treaties. The same applies to the aircraft crew, who must obtain the relevant licenses from the General Authority of Civil Aviation in the Kingdom or from the country of which the aircraft is a national.

In addition, the General Authority of Civil Aviation has issued a number of executive and technical regulations that regulate the qualifications of flight crew and the licenses required to undertake the aviation profession. In particular, Regulations No. 61 and 65 regulate the qualifications and licenses that pilots and flight crew must obtain. Moreover, Regulation No. 61 stipulates a number of mandatory licenses, including (a) a commercial pilot license, which is a type of license that allows its holder to work as a co-pilot on commercial flights and requires those wishing to obtain it to meet the minimum hours requirements, pass theoretical and practical tests, prove proficiency in flying and obtain a first or second class medical certificate; (b) an air transport pilot license, which is a license of a higher class than the aforementioned license, qualifying its holder to be a pilot-in-command of an aircraft for an airline operating in the scheduled air transport operations sector and requiring its holder to have extensive experience and complete 1,500 flight hours to be eligible to conduct theoretical and practical tests to obtain an air transport license and a first class medical certificate; and (c) a classification license, which qualifies the pilot to fly a specific type of aircraft and is mandatory for each type of aircraft that the pilot wishes to operate. In addition, pilots must obtain a number of mandatory qualifications such as proficiency in the English language, as English is the international language for undertaking the aviation profession, as well as regular training to ensure the continuity of the issued license.

Regulation No. 65 imposes a number of related licenses as applicable to cabin crew and air dispatchers, such as an air operations officer license, holders of which are qualified to dispatch aircraft after studying all the technical information for the flight, collecting it and preparing it with the pilot, in addition to the flight crew member license, which requires that applicants must be at least 18 years old and passes the mandatory theoretical and practical tests and proficiency in the English language.

The General Authority of Civil Aviation may create other licenses in accordance with the conditions it sets, provided that these conditions are not less than the levels set internationally, particularly in international treaties to which the Kingdom is a party. The General Authority of Civil Aviation shall have the right to not issue or renew licenses and it shall have the right to terminate or suspend any license, especially in the event of breach of the conditions thereof or violation of the relevant regulations and directives.

C. Protection of Passenger Rights

The General Authority of Civil Aviation issued the Passenger Rights Regulation pursuant to its board of directors' Resolution No. 36/547, dated 18/11/1444H (corresponding to 07/06/2023G), which addresses the rights of passengers and the obligations of air carriers towards them and regulates the activities of providing services to passengers. The provisions of the Regulation include flights departing from and arriving to the Kingdom by national or foreign air carriers. The Regulation also imposes a fine not exceeding SAR 50,000 on air carriers for violating its provisions. In addition, the Regulation establishes the right of passengers to file a lawsuit against air carriers in the event that they are harmed as a result of the air carrier's failure to comply with the provisions of the Regulation.

D. Fees Applicable to Flights and Airport Facilities

According to the provisions of Article 22 of the Civil Aviation Law, national and foreign airlines and air carriers are committed to pay civil aviation fees and charges due on their domestic and international operations and flights. In addition, Article 5 of the Civil Aviation Tariff Law issued pursuant to Royal Decree No. M/55, dated 01/10/1426H (corresponding to 10/02/2005G), stipulates that the board of directors of the General Authority of Civil Aviation shall determine the fees to be collected from each individual leaving the Kingdom through its airports, which it may decide not to collect in cases it deems appropriate.

In this context, the General Authority of Civil Aviation issued Circular No. 4/377/1441, dated 01/03/1441H (corresponding to 29/10/2019G), which stipulates the imposition of fees for the use of Saudi airport facilities for domestic flights on every passenger, whether arriving or departing, with the exception of certain categories excluded by the decision, such as infants and people with special needs. This is done by obligating all air carriers to collect an amount of SAR 10 from passengers on domestic flights at the Kingdom's airports, effective from 05/05/1441H (corresponding to 01/01/2020G). Air carriers pay these fees to the General Authority of Civil Aviation in accordance with the instructions shown in the invoices issued periodically by airports.

12.1.3 Licenses and Operational Permits

Article 9 of the Civil Aviation Law stipulates the necessity of obtaining a license before engaging in any regulated activity. No aircraft may operate in the Kingdom's territory except under a license or permit issued by the General Authority of Civil Aviation. The license or permit is specifically issued for the benefit of the licensed party and may not be assigned to third parties. The Implementing Regulations issued by the General Authority of Civil Aviation impose additional conditions for issuance of the relevant license and permit. For example, the Company is committed under the Air Operator Certificate to comply with a number of rules, such as adhering to operating specifications, obtaining insurance and undergoing regular inspections by the General Authority of Civil Aviation to ensure continued compliance with operating specifications. In this context, the Company must obtain a number of licenses from the General Authority of Civil Aviation, namely (a) an Air Operator Certificate, and (b) a Passenger Air Transport Economic License. The Company has obtained these two licenses as of the date of this Prospectus.

The Company must also comply with a number of environmental requirements, such as monitoring the level of exposure to harmful cosmic radiation that affects the safety of aircraft power and reducing greenhouse gas emissions from aircraft fuel. In this context, the Company obtained a cosmic radiation exposure monitoring certificate from the Nuclear and Radiological Regulatory Commission in relation to monitoring the exposure of the aircraft crew to cosmic radiation during flights. As of the date of this Prospectus, the Nuclear and Radiological Regulatory Commission is in the process of reviewing the regulations relating to cosmic radiation exposure monitoring (for further information regarding the Company's material licenses, please refer to Section 13.2.4 "**Key Licenses**" of this Prospectus).

12.1.4 Other Relevant Laws and Regulations

In addition to the above, the aviation sector comprises a number of laws and regulations related to health, security, environmental safety and Saudization requirements in the Kingdom. The following is a summary of the relevant key laws and regulations:

A. Environmental Health and Safety Regulations

- **Environment Law**

Environment protection in the Kingdom is subject to the Environment Law issued by Royal Decree No. M/165, dated 19/11/1441H (corresponding to 10/07/2020G). The Environment Law is a general regulatory framework for developing and implementing local and international environmental rules and regulations ratified by the Kingdom. It aims at protecting, developing and sustaining the environment in the Kingdom, while adhering to the principles of preserving a sustainable environment. Article 9 of the Environment Law stipulates that anyone who undertakes any activity that uses substances that have a negative impact on air quality or substances that deplete the ozone layer must take the necessary actions to implement the plans prepared by the competent authority and related to the gradual elimination of such substances, as specified in the regulations. The competent authority determines the substances that have a negative impact on air quality, as well as substances that deplete the ozone layer. In this context, the General Authority of Civil Aviation has approved the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) (for further information regarding the scheme, please refer to Section 12.2.3 "**Environmental Protection**" of this Prospectus).

- **Regulation of Ozone Depleting Substances and Hydrofluorocarbons (HFCs)**

The Ministry of Environment, Water and Agriculture issued the Executive Regulation for Ozone- Depleting Substances and Hydrofluorocarbons (HFCs) pursuant to the Resolution of the Minister of Environment, Water and Agriculture No. 446653/1/1442, dated 12/08/1442H (corresponding to 26/03/2021G), which applies to all persons and activities related to ozone depleting substances and hydrofluorocarbons (HFCs) and devices, equipment and products subject to control in the Kingdom. This Regulation applies to aviation operations due to the impact resulting from greenhouse gas emissions from aircraft engines which lead to the erosion of the ozone layer that is important for life on Earth.

The Executive Regulation for Ozone-Depleting Substances and Hydrofluorocarbons (HFCs) comprises a table classifying penalties and violations, which includes importing, exporting, re-exporting, using, storing or trading controlled substances or recycled materials without a permit; importing, exporting or re-exporting used devices, equipment and products subject to control without a permit, as well as manufacturing or using them without a permit, disposing of them without obtaining the approval of the National Center for Environmental Compliance, importing, exporting or re-exporting them to or from countries not party to the Montreal Protocol on Substances that Deplete the Ozone Layer and the amendments thereto, in addition to non-compliance with the rules, requirements and controls issued by the National Center for Environmental Compliance with respect thereto.

The Kingdom also signed the Unified Law regarding Ozone-Depleting Substances for the Gulf Cooperation Council Countries and the amendments thereto, issued by Royal Decree No. M/72, dated 24/11/1435H (corresponding to 19/09/2014G).

- **Radiation Protection Regulation**

The Nuclear and Radiological Regulatory Commission issued the Radiation Protection Regulation pursuant to Resolution No. T/1/1/2022, dated 18/09/1443H (corresponding to 20/04/2022G), which aims to protect humans from exposure to ionizing radiation, ensuring the safety of radiation sources and protecting the environment. Ionizing radiation is high-energy radiation that ionizes the medium through which it passes and has an adverse effect on humans in the event of continuous exposure, such as X-rays in medical uses. This Regulation applies to aviation activities, as airline crews are exposed to cosmic rays that are blocked by the atmosphere from people on the surface of the Earth due to flight operations, in addition to their continuous exposure to security inspection devices at airports that contain radiation that has a negative effect on human health.

The Radiation Protection Regulation aims to approve, introduce, operate, stop or terminate any practice (licensed work) which involves planned exposure to radiation. It also governs the design of a radiation source within a practice other than in accordance with the relevant regulations, as well as its manufacture, construction, assembly, acquisition, import, export, trade, location, commissioning, equipment, possession, use, operation, maintenance, repair, transfer or disposal in accordance with the rules stipulated in the Regulation.

B. Saudization and Localization Requirements

The MHRSD issued requirements for localizing licensed professions in the aviation sector for the purpose of increasing Saudization ratios pursuant to Ministerial Resolution No. 208818, dated 23/11/1443H (corresponding to 22/06/2022G), along with a procedural guide accompanying the resolution, which the Company must comply with. The Resolution included the following licensed professions: (a) air traffic controller with a 100% Saudization ratio, (b) air navigator with a 100% Saudization ratio, (c) ground controller with a 100% Saudization ratio, (d) co-pilot with a 100% Saudization ratio, (e) flight attendant with a 60% Saudization ratio and (g) fixed-wing pilot with a 70% Saudization ratio (for further information regarding the Company's Saudization percentages, please refer to Section 4.15 "**Employees**" of this Prospectus).

12.2 International Aviation Regulation

12.2.1 Overview

International regulation in the aviation sector is of paramount importance to ensure safe and efficient air traffic of aircraft, passengers and cargo across global airspace. Therefore, a number of countries and international organizations have sought to enter into international agreements and treaties with respect to global air traffic and the obligations of countries towards air carriers and passengers arriving in their territories. The following is a summary of the main international organizations in the aviation sector and the international treaties signed by the Kingdom.

A. International Civil Aviation Organization (ICAO)

ICAO was established in 1947G and is one of the organizations that fall under the supervision of the United Nations. The headquarters of ICAO are located in the international section of Montreal, Canada. The mission of ICAO is to develop the foundations and techniques of air navigation and planning and organize international air traffic. It also includes development of the air transport industry to ensure its security, safety and growth, in addition to codifying standards that regulate noise pollution and greenhouse gas emissions from aircraft engines which negatively affect the environment.

The ICAO Council adopts standards and recommended practices related to air navigation and related infrastructure, aviation inspection, prevention of unlawful interference and facilitation of border crossing procedures for international civil aviation. ICAO also determines the protocols for investigation of air accidents to be followed by the transport safety authorities in the countries that have ratified the Chicago Convention on International Civil Aviation. The Kingdom is a member of ICAO.

B. International Air Transport Association (IATA)

Alongside the ICAO, IATA was established in 1945G to regulate international air traffic and address the problems that may arise from the rapid expansion of civil aviation services. IATA is a private legal entity that welcomes the membership of airlines wishing to join, provided that the company wishing to join has a regular air route between one or more countries for the transportation of passengers, cargo or mail, and the Company holds the nationality of a country that is a member of ICAO. The Company has obtained a registration certificate from IATA to evaluate and audit the management and operational control systems of airlines (for further information regarding the material licenses issued to the Company, please refer to Section 13.2.4 "**Key Licenses**" of this Prospectus).

12.2.2 International Conventions

The Kingdom has signed a number of international agreements and conventions that aim to regulate international air traffic which stipulate a number of international rules that regulate the relations of the ratifying countries and the rules for resolving disputes among them. Such conventions also determine the standards that must be adhered to by all parties ratifying the convention. The following is a summary of the international agreements and conventions signed by the Kingdom regarding the regulation of the civil aviation sector:

A. Chicago Convention on International Civil Aviation

The Chicago Convention on International Civil Aviation established ICAO. The Convention stipulates rules for international air traffic, aircraft registration rules and safety rules, as well as the rights and obligations of ratifying states with respect to civil air transport. It is worth noting that this Convention prohibits the imposition of any taxes on aviation fuel for commercial use. The Kingdom has ratified the Chicago Convention on International Civil Aviation as well as the recent amendments and protocols enacted by the Convention.

B. Warsaw Convention 1955G

The Warsaw Convention 1955G is an international agreement regulating the civil aviation sector. In particular, it regulates liability resulting from the international transport of persons, baggage and goods by aircraft, including the limits of airline liability in the event of loss, damage or delay of goods, baggage and passengers, as well as in cases of injury or death. The Kingdom has ratified the Warsaw Convention 1995G.

C. Montreal Convention 1999G

The Montreal Convention 1999G is an agreement that intends to unify some of the rules of international air transport, with respect to compensation for damage caused to passengers during flights and the responsibilities of airlines towards passengers and their baggage. Moreover, the Montreal Convention 1999G replaced the liability system stipulated in the Warsaw Convention. The Kingdom has ratified the Montreal Convention 1999G.

D. Tokyo Convention 1963G

The Tokyo Convention 1963G is also known as the Convention on Offences and Certain Other Acts Committed on Board Aircraft. The Convention establishes a legal framework for dealing with crimes and acts that occur on board aircraft that may affect the order and safety of the aircraft and persons on board. The Kingdom has ratified the Tokyo Treaty 1963G.

12.2.3 Environmental Protection

The environmental developments of the past decade have included the study and regulation of the environmental impacts of emissions from factories, aircraft, and automobiles. In particular, this has included the impact of greenhouse gas emissions from aircraft engines operating at high altitudes in an area known as the stratosphere, which contains 90% of the atmospheric ozone. Greenhouse gases contribute to the depletion of the ozone layer that plays a crucial role in sustaining life on Earth by preventing harmful ultraviolet (UV) radiation from the sun from reaching the Earth's surface.

In response to the aforementioned, many international organizations have sought to enact rules to limit the use of aircraft and rationalize the consumption of jet fuel. International agreements on environmental rules for aircraft and their impact on the environment mainly focus on addressing aircraft emissions, acoustic pollution, and the sustainable development of the aviation industry. Below is a summary of the most relevant international agreements and treaties.

A. International Civil Aviation Organization (ICAO)

ICAO has a pivotal role in setting international standards for aviation regulation. These standards are included in Annex 16 (Environmental Protection) of the Chicago Convention on International Civil Aviation. The Committee on Aviation Environmental Protection (CAEP) of ICAO is responsible for developing these standards, which include regulations on aircraft noise pollution and greenhouse gas emissions, including standards for the use of nitrogen oxides (NOx) and carbon dioxide (CO^2), which are primarily used in aircraft fuel production.

B. Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

The Carbon Offsetting and Reduction Scheme for International Aviation, also known as the CORSIA scheme, is a program led by ICAO which aims at reducing carbon dioxide (CO^2) emissions from global aviation operations. It requires airlines to monitor, report, and offset any increase in CO^2 emissions by obtaining a carbon credits certificate, relative to 2020G emission levels. Carbon credits are certificates that confirm companies with negative environmental impacts are investing in projects that reduce CO^2 emissions, such as reforestation and land restoration projects, to balance their negative environmental impact.

The provisions of the Carbon Offsetting and Reduction Scheme apply to most international flights and are still in the early stages of implementation. The Scheme started with a voluntary participation period in 2021G and will transition to mandatory participation for all countries with significant international aviation activity by 2027G.

The General Authority of Civil Aviation in the Kingdom issued Circular No. 5/899/1440, dated 12/04/1444H (corresponding to 19/12/2018G), which stipulates the adoption of the Carbon Offsetting and Reduction Scheme for International Aviation in the Kingdom.

C. Montreal Protocol on Substances that Deplete the Ozone Layer

Although the Montreal Protocol does not specifically target aviation activities, it includes rules that affect the aviation sector, as it regulates the production and consumption of ozone-depleting substances, some of which are used in airplanes. Therefore, the aviation sector's strategy includes phasing out the use of ozone-depleting substances in line with the requirements of the Montreal Protocol. It is worth noting that the Kingdom has ratified this Protocol as mentioned above.

D. Kyoto Protocol and Paris Agreement

The Kyoto Protocol is an international treaty that extends the United Nations Framework Convention on Climate Change (UNFCCC), which commits countries to reduce greenhouse gas emissions. The Paris Agreement, which succeeded and superseded the Kyoto Protocol, aims to limit global warming to less than two degrees Celsius above pre-industrial levels. The Paris Agreement does not directly target the aviation sector; however, it does encourage states to participate in initiatives to reduce greenhouse gas emissions from aviation operations through ICAO.


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13. Legal Information

13.1 Legal Declarations

The Directors declare that:

1. The Offering does not violate the applicable laws and regulations of the Kingdom.
2. The Offering does not prejudice any of the contracts or agreements to which the Company is a party.
3. All material legal information relating to the Company has been disclosed in this Prospectus.
4. Except as disclosed in Section 13.10 "**Claims and Litigation**" of this Prospectus, the Company is not involved in any lawsuits or proceedings that may, individually or collectively, have a material impact on the Company's business or its financial position.
5. The Directors are not subject to any litigation or legal proceedings that may individually or collectively have a material effect on the Company's business or its financial position.

13.2 The Company

flynas Company is a Saudi joint stock company established under Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G), under Commercial Register No. 1010294138 dated 21/09/1431H (corresponding to 31/08/2010G), with its registered address at P.O. Box 305161, Postal Code 13316, Riyadh, Kingdom of Saudi Arabia.

The Company was established on 26/08/1431H (corresponding to 07/08/2010G) as a limited liability company under the name "NasAir Limited Liability Company" with a fully paid-up capital of SAR 300,000, divided into 30,000 shares with an equal nominal value of SAR 10 per share. It was registered in Riyadh under commercial registration number 1010294138, dated 21/09/1431H (corresponding to 31/08/2010G). On 02/06/1438H (corresponding to 28/02/2017G), the Company was converted from a limited liability company to a closed joint stock company under the name "flynas Company", pursuant to Ministry of Commerce Resolution Q/161, dated 02/06/1438H (corresponding to 28/02/2017G). The Company's capital has been increased twice since its incorporation. The Company's capital was first increased pursuant to the Partners' resolution dated 19/03/1438H (corresponding to 18/12/2016G), whereby the capital of the Company was increased from SAR 300,000 to SAR 1,534,250,000, divided into 153,425,000 shares with an equal nominal value of SAR 10 each, representing an increase of approximately 511,316.7% of the Company's capital. The increase was fulfilled through (i) a cash contribution from NAS Holding in the amount of SAR 435,806, and (ii) the capitalization of SAR 1,533,514,194 from the capital contributions account. Thereafter, on 19/12/1445H (corresponding to 25/06/2024G), the Extraordinary General Assembly of the Company approved an increase in the Company's capital from SAR 1,534,250,000 to SAR 1,708,518,930, divided into 170,851,893 ordinary shares with an equal nominal value of SAR 10 per share, representing an increase of approximately 11.36% of the capital, through the issue and Offering of 17,426,893 new shares for public subscription. The Company's ownership structure has undergone several changes since its incorporation on 21/09/1431H (corresponding to 31/08/2010G). At incorporation, the Company's shares were owned by NAS Holding, which owned 29,400 shares, representing 98% of the Company's capital, and National Flight Services Company, with 600 shares, representing 2% of the Company's capital. On 27/06/1432H (corresponding to 30/05/2011G), the National Flight Services Company transferred its entire ownership in the Company in the amount of 600 shares with a nominal value of SAR 10 per share, representing 2% of the Company's capital at the time of transfer, to NAS Private Aviation Company, in exchange for a cash amount of SAR 6,000. On 19/03/1438H (corresponding to 18/12/2016G), NAS Private Aviation Company transferred its entire shareholding of 600 shares in the Company, with a nominal value of SAR 10 per share, representing 2% of the Company's capital at the time of transfer, to NAS Holding, in exchange for a cash amount of SAR 6,000. Finally, on 06/10/1445H (corresponding to 15/04/2024G), NAS Holding transferred all its shares in the Company, amounting to153,425,000 ordinary shares with an equal nominal value of SAR 10 per share to its shareholders, without consideration, in proportion to each of their ownership in NAS Holding, as follows: (i) National Flight Services Company in the amount of 59,860,298 shares with an equal nominal value of SAR 10 each, representing 39.016% of the Company's share capital; (ii) Kingdom Holding Company in the amount of 56,885,387 shares with an equal nominal value of SAR 10 each, representing 37.077% of the Company's share capital; (iii) Nasser Ibrahim Rashid Al Rashid in the amount of 13,525,948 shares with an equal nominal value of SAR 10 each, representing 8.816% of the Company's share capital; (iv) Mawarid Investment Company in the amount of 7,502,483 shares with an equal nominal value of SAR 10 each, representing 4.890% of the Company's share capital; (v) Hamza Bahi Adeen Alsayed Al Kholi in the amount of

3,676,063 shares with an equal nominal value of SAR 10 each, representing 2.396% of the Company's share capital; (vi) Saudi General Investment Trading and Services Company in the amount of 1,838,032 shares with an equal nominal value of SAR 10 each, representing 1.198% of the Company's share capital; (vii) Salman Mohammed Khalid Bin Hethlain in the amount of 1,251,948 shares with an equal nominal value of SAR 10 each, representing 0.816% of the Company's share capital; and (viii) Yousef Abdulsattar Qassem Al Maimani in the amount of 564,604 shares with an equal nominal value of SAR 10 each, representing 0.368% of the Company's share capital. In addition, NAS Holding transferred its shares held directly in the Company to the Company, amounting to 8,320,237 shares with an equal nominal value of SAR 10 per share, which was approved by the Company's Extraordinary General Assembly under its resolution issued on 27/11/1445H (corresponding to 04/06/2024G), representing 5.423% of the Company's share capital, to be held as treasury shares for use thereof to finance the Company's reward and incentive program (for further information regarding the Company's history and evolution of share capital, please refer to Section 4.1.2 "**Corporate History and Evolution of Share Capital**" of this Prospectus).

13.2.1 Shareholding Structure

As of the date of this Prospectus, the Company's capital is SAR 1,534,250,000, divided into 153,425,000 ordinary shares with a fully paid nominal value of SAR 10 per share. The Company's capital post-Offering will be SAR 1,708,518,930, divided into 170,851,893 ordinary shares with a nominal value of SAR 10 per share, as a result of the Company's capital increase through the issue and Offering of 17,426,893 new shares (representing 10.2% of the Company's capital post-Offering) for public subscription. The following table sets out the ownership structure of the Company pre- and post-Offering:

Table 13.1: The Company's Ownership Structure Pre- and Post-Offering

#	Shareholder[1]	Pre-Offering			Post-Offering		
		Number of Shares	Total Nominal Value (SAR)	Shareholding %	Number of Shares	Total Nominal Value (SAR)	Shareholding %
1.	National Flight Services Company	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
2.	Kingdom Holding Company	56,885,387	568,853,870	37.077%	46,885,320	468,853,200	27.442%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	135,259,480	8.816%	11,148,178	111,481,780	6.525%
4.	Mawarid Investment Company	7,502,483	75,024,830	4.890%	6,183,597	61,835,970	3.619%
5.	Hamza Bahi Adeen Alsayed Al Kholi	3,676,063	36,760,630	2.396%	3,029,836	30,298,360	1.773%
6.	Saudi General Investment Trading and Services	1,838,032	18,380,320	1.198%	1,514,918	15,149,180	0.887%
7.	Salman Mohammed Khalid Bin Hethlain	1,251,948	12,519,480	0.816%	1,031,864	10,318,640	0.604%
8.	Yousef Abdulsattar Qassem Al Maimani	564,604	5,646,040	0.368%	465,350	4,653,500	0.273%
9.	Company – treasury shares	8,320,237	83,202,370	5.423%	N/A	N/A	N/A
10.	Public	N/A	N/A	N/A	51,255,568	512,555,680	30%
Total		**153,425,000**	**1,534,250,000**	**100%**	**170,851,893**	**1,708,518,930**	**100%**

(1) None of the direct Shareholders owns any of the Company's shares indirectly as of the date of this Prospectus.

Source: Company's information

The following table shows the Substantial Shareholders, the number of their shares and their ownership percentages pre- and post-Offering:

Table 13.2: The Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre- and Post-Offering

#	Shareholder[1]	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Percentage[1]	Number of Shares	Overall Nominal Value (SAR)	Percentage[1]
1.	National Flight Services Company	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
2.	Kingdom Holding Company	56,885,387	568,853,870	37.077%	46,885,320	468,853,200	27.442%
3.	Nasser Ibrahim Rashid Al Rashid	13,525,948	135,259,480	8.816%	11,148,178	111,481,780	6.525%
Total		**130,271,633**	**1,302,716,330**	**84.909%**	**107,370,760**	**1,073,707,600**	**62.844%**

(1) None of the direct Substantial Shareholders owns any of the Company's shares indirectly as of the date of this Prospectus.

Source: Company's information

The following table shows the Substantial Shareholders, the number of their shares and their ownership percentages pre- and post-Offering:

Table 13.3: The Substantial Shareholders Indirectly Owning 5% or More Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Overall Nominal Value (SAR)	Percentage[1]	Number of Shares	Overall Nominal Value (SAR)	Percentage[1]
Khalid bin Sultan bin Abdulaziz Al Saud	59,860,298	598,602,980	39.016%	49,337,262	493,372,620	28.877%
Alwaleed bin Talal bin Abdulaziz Al Saud	44,447,223	444,472,230	28.970%	36,634,063	36,634,063	21.442%
Public Investment Fund (PIF)	9,593,665	95,936,650	6.255%	7,907,026	79,070,260	4.628%
Total	**113,901,186**	**1,139,011,860**	**74.241%**	**93,878,351**	**938,783,510**	**54.947%**

(1) The ownership percentages have been rounded to the nearest decimal place.

(2) The indirect ownership of Substantial Shareholders who indirectly own 5% or more is as a result of the following:

- Khalid bin Sultan bin Abdulaziz Al Saud owns 100% of the shares in National Flight Services Company, which in turn owns 39.02% of the Company's shares pre-Offering.
- Alwaleed bin Talal bin Abdulaziz Al Saud owns 78.14% of the shares in Kingdom Holding Company, which in turn owns 37.08% of the Company's shares pre-Offering.
- The Public Investment Fund (PIF) owns 16.87% of the shares in Kingdom Holding Company, which in turn owns 37.08% of the Company's shares pre-Offering.

Source: Company's information

13.2.2 Company Branches

The Company has 3 branches in the Kingdom and 4 branches outside the Kingdom. The following table shows the details of the Company's registered branches as of the date of this Prospectus:

Table 13.4: Company Branches as of the Date of this Prospectus

#	Branch Location	Commercial Registration No.	Commercial Registration Certificate Date	Expiration Date of Commercial Registration Certificate
Registered Branches within the Kingdom				
1.	Al-Basateen District, Jeddah	4030298201	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
2.	King Fahd District, Makkah	4031102209	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
3.	Al Raya District, Medina	4650083751	24/03/1439H (corresponding to 12/12/2017G)	24/03/1447H (corresponding to 16/09/2025G)
Branches Registered Outside of the Kingdom				
4.	Nasr City, Egypt	78989	04/04/1443H (corresponding to 09/11/2021G)	27/06/1446H (corresponding to 28/12/2024G)
5.	Ergenekon, Turkey	902689	12/03/1435H (corresponding to 13/01/2014G)	Until the expiration of the Company's term
6.	Hydra, Algeria	18 O 0999920-00/16	29/05/1439H (corresponding to 15/02/2018G)	Until the expiration of the Company's term
7.	Dorian, Casablanca, Morocco	17070	19/10/1444H (corresponding to 09/05/2023G)	12/11/1546H (corresponding to 10/05/2122G)

Source: Company's information

13.2.3 Subsidiaries

The Directors of the Company confirm that there are no subsidiaries of the Company as of the date of this Prospectus.

13.2.4 Key Licenses

As of the date of this Prospectus, the Company has obtained all of the necessary key licenses from the competent authorities that enable it to conduct its business. The following is a summary of the key licenses issued to the Company:

Table 13.5: Key Licenses Issued to the Company as of the Date of this Prospectus

#	Type of License	Issuing Authority	Purpose	License No.	Date of Issue	Date of Expiration
1.	Air Operator Certificate	General Authority of Civil Aviation	Commercial airline flight operations	N/A	04/08/1443H (corresponding to 08/03/2022G)	20/10/1450H (corresponding to 06/03/2029G)
2.	National airline economic license for regular operation	General Authority of Civil Aviation	Scheduled commercial airline flight operations	100/2	10/03/1446H (corresponding to 13/09/2024G)	09/03/1451H (corresponding to 21/07/2029G)
3.	Certificate of Registration	International Air Transport Association	Assessing and auditing airlines' operational management and control systems	N/A	N/A	01/07/1448H (corresponding to 10/12/2026G)
4.	Business License	Ministry of Municipalities and Housing	Travel activities and tourism agencies	40102408917	N/A	21/04/1446H (corresponding to 25/10/2024G)
5.	Business License	Ministry of Municipalities and Housing	Travel and tourism agency	440811786256	N/A	21/08/1448H (corresponding to 29/01/2027G)

#	Type of License	Issuing Authority	Purpose	License No.	Date of Issue	Date of Expiration
6.	Business License	Ministry of Municipalities and Housing	Services for Umrah pilgrims and visitors to the Prophet's Mosque from outside the Kingdom	43016108047	N/A	07/02/1447H (corresponding to 02/08/2025G)
7.	License to Serve Pilgrims and Visitors to the Prophet's Mosque	Ministry of Hajj and Umrah	Providing services for pilgrims and visitors to the Prophet's Mosque	1391	07/12/1444H (corresponding to 25/06/2023G)	30/11/1449H (corresponding to 25/04/2028G)
8.	Certificate of Registration	Ministry of Hajj and Umrah	N/A	747859	11/07/1445H (corresponding to 23/01/2024G)	08/09/1450H (corresponding to 23/01/2029G)
9.	Travel and Tourism Services License	Ministry of Tourism	Tourism operators and agencies	73103373	21/06/1443H (corresponding to 25/01/2022G)	12/07/1448H (corresponding to 21/12/2026G)
10.	Cosmic Radiation Exposure Monitoring Certificate	Nuclear and Radiological Regulatory Commission	Monitoring cosmic radiation exposure	MECRA-2-FC2019116-1	25/04/1441H (corresponding to 23/12/2019G)	24/04/1446H (corresponding to 28/10/2024G)

Source: Company's information

* The cosmic radiation exposure monitoring certificate has expired in the ordinary course of business. As of the date of this Prospectus, the Company has not renewed this certificate as the Nuclear and Radiological Regulatory Commission is in the process of reviewing the regulations related to cosmic radiation exposure monitoring.

13.3 Summary of the Company's Bylaws

13.3.1 Objects, Term and Head Office of the Company

A. Company Activities

1. repair of transportation equipment excluding motor vehicles;
2. air transport of individuals;
3. cargo handling;
4. other transport support activities;
5. activities of operating agencies;
6. activities of travel agencies; and
7. activities of tour operators.

B. Term of the Company

The term of the Company is 99 Gregorian years, commencing on the date the Company is registered in the commercial register. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one year prior to the expiration of the Company's term.

C. Head Office of the Company

The Company's head office is located in Riyadh, and it may open branches inside or outside the Kingdom pursuant to a Board resolution.

13.3.2 Administrative and Oversight Affairs of the Company and its Supervisory Committees

A. Management of the Company

The Company shall be managed by a Board of Directors consisting of 6 members, who must be natural persons elected by the General Assembly for a term not exceeding 4 years, and they may be re-elected by a resolution of the General Assembly.

1. The Company holds Board of Directors' meetings at the Company's headquarters. Meetings may also be conducted by telephone or any other electronic means that allow all attending members to hear and communicate with all other attending members.
2. The quorum for meetings shall be the attendance of 50% of the Directors, and the quorum for the adoption of resolutions shall be the approval of 51% of the Directors. Directors may not delegate attendance of meetings.

B. Termination of Board Membership

Board membership shall expire upon the lapse of the Board's term or if a Director becomes ineligible for Board membership according to any applicable laws or regulations in the Kingdom. The General Assembly (based on a recommendation from the Board of Directors) may terminate the membership of any Director who misses 3 consecutive meetings or 5 separate meetings during their term without a valid excuse acceptable to the Board of Directors.

C. Powers of the Board of Directors

Subject to the powers granted to the General Assembly, the Board of Directors shall have the broadest authorities in managing the Company to achieve its objectives. To this end, the Board may issue, renew and revoke the following:

Commercial registrations, purchasing the establishment, signing all documents at the Chamber of Commerce, selling the establishment, reviewing records management, obtaining registrations, transferring commercial registrations, managing registrations, canceling registrations, supervising registrations, initiating membership at the Chamber of Commerce, approving a signature at the Chamber of Commerce, canceling a signature at the Chamber of Commerce, entering tenders, receiving forms, transferring a branch of the establishment, inquiring at Social Insurance, inquiring at the Zakat and Income Authority, opening branches of registrations, managing the commercial registration, canceling the commercial registration, inquiring at Civil Defense, amending registrations, adding an activity, reserving a trade name, renewing membership at the Chamber of Commerce, amending the commercial registration, transferring the commercial registration, , registering a trademark, waiving a trademark, waiving a trade name, obtaining licenses, purchasing boats, obtaining a replacement for a damaged or lost fishing permit, importing boats, canceling boat licenses, renewing licenses, amending licenses, adding an activity, reserving names, canceling licenses, renewing membership at the Chamber of Commerce, opening branches, inquiring at Social Insurance, inquiring at Civil Defense, inquiring at the Zakat and Income Authority, obtaining a fishing permit, obtaining a boat license, renewing a boat license, transferring a boat license, selling a boat, renewing a fishing permit, canceling a fishing permit, obtaining a replacement for a damaged or lost boat license, opening a branch of the license, transferring the license, establishing a company, signing the memorandum of association and addenda, canceling the memorandum of association and addenda, signing partners' decisions, appointing and dismissing managers, amending the Company's purposes, liquidating the Company, converting the Company from a joint stock company to a limited liability company, converting the Company from a limited liability company to a joint stock company, converting the Company from a partnership to a limited liability company, increasing capital, decreasing capital, entering and exiting partners, entering into existing companies, transferring shares, stocks and bonds, determining capital, receiving surplus of allocation, selling shares and stocks and receiving the value, waiving shares and stocks and receiving the value, selling a branch of the company, amending the nationality of one of the partners in the MoA, accepting the waiver of shares, stocks, and capital, purchasing shares and stocks and paying the price, closing accounts with banks in the name of the Company, opening accounts with banks in the name of the Company, signing agreements, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing memorandum of association and addenda with a notary public, obtaining and renewing commercial registrations for the Company, joining the Chamber of Commerce and renewing the membership, inquiring at the General Investment Authority and signing before it, inquiring at the Saudi Standards, Metrology, and Quality Organization, inquiring at the Capital Market Authority, obtaining and renewing licenses for the Company, converting the establishment into a company, converting a branch of the Company into an establishment, converting a branch of the Company into a company, publishing the memorandum of association, addenda and their summaries, and the articles of association in the Official Gazette, inquiring at telecommunications companies, establishing landline or mobile phones in the Company's name, entering tenders, receiving forms, signing the Company's contracts with others, waiving or canceling trademarks, amending the Company's name, obtaining visas, converting the Company into an establishment, receiving visa compensation, updating workers' data, opening, renewing, and canceling primary and secondary files, laying off and terminating employment, reporting worker absconding, transferring sponsorships, amending occupations, transferring ownership of, liquidating, and canceling establishments, inquiring at the Department of Private Recruitment Offices, inquiring at the Computer Department in the Ministry of Labor, obtaining and renewing work permits, receiving Saudization certificates, obtaining a data sheet (print), adding and deleting Saudis, recruiting, opening a file, activating the Saudi portal, recruiting workers from abroad, completing labor procedures at Social Insurance, canceling visas, recovering visa funds, amending nationalities, obtaining family visit visas, obtaining family recruitment visas, inquiring at the embassy, extending exit and re-entry visas, extending visit visas, obtaining a data sheet (print), canceling a visa, recovering visa funds, modifying the arrival destination and companies in which the Company is a partner, signing company contracts, purchasing shares, liquidating the Company, selling shares, representing the Company in a company in which it is a shareholder, establishing companies in the Company's name and registering them with the Ministry, representing it before the notary public, signing the Company memorandum of association, signing partners' decisions and commercial registrations, obtaining and renewing residency permits, managing exit and re-entry, managing final exit, transferring sponsorships, obtaining replacements for lost or damaged residency permits, completing procedures for deceased workers, reporting absconding, canceling absconding reports, transferring information, updating data, settling and waiving workers, inquiring at the Deportation and Expatriates Department, obtaining worker data sheets (print), terminating employment, managing my business, transferring worker sponsorships to himself, adding a newborn, completing procedures for a deceased worker, managing port affairs, obtaining repatriation certificates, adding dependents, adding children to the father's or mother's passport, separating children from the father's or mother's passport, canceling exit and re-entry visas, canceling final exit visas, obtaining replacements for damaged or lost travel visas, obtaining extensions of visit visas, amending occupations, obtaining Hajj permits, inquiring at Maid Affairs, registering for electronic and banking services, opening accounts, opening lines of credit, depositing and withdrawing, issuing checks, updating accounts, obtaining account statements, requesting facilities, requesting guarantees, signing loan contracts, signing negotiable instruments, signing promissory notes, submitting any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, the authority to delegate any person – in accordance with the relevant regulations – to submit any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, inquiring at the Ministry of Agriculture and the Directorate of Agriculture regarding, inquiring at the notary public or the court to accept its conveyance and waiving the agricultural decision, receiving salaries, receiving contractual salaries, receiving the end-of-service remuneration and leave compensation, transferring salary, receiving a bonus, obtaining a salary certificate, receiving my dues, opening accounts with Sharia controls, closing and settling accounts, withdrawing from accounts, obtaining ATM cards, obtaining credit cards that comply with Sharia provisions, receiving and cashing remittances, cashing checks, issuing certified checks, obtaining checkbooks, obtaining account statements, transferring from accounts, requesting bank loans that comply with Sharia provisions and controls, opening an account with Sharia controls, depositing in the account, renewing safe deposit box subscriptions, opening safe deposit boxes, subscribing to safe deposit boxes, requesting exemption from loans, objecting to checks, updating data, activating accounts, receiving checks, recovering safe deposit box units, reviewing and rescheduling installments, requesting points of sale, requesting a bank credit, requesting a bank guarantee and subscriptions to joint stock companies, receiving certificates of contributions, purchasing and selling stock that complies with Sharia provisions, receiving the value of stock, receiving profits, receiving surplus, opening investment portfolios with Sharia controls, issuing, amending, and canceling orders, subscribing, purchasing stock, selling stock, recovering investment fund units, transferring stock from the portfolio, subscribing to investment fund units that comply with Sharia provisions, managing investment portfolios, obtaining proof of debt, liquidating investment portfolios, managing properties, buying, selling, and conveying properties, mortgaging properties, opening a store, obtaining health cards, converting agricultural lands to residential, inquiring at the General Administration of Urban Planning, opening shops, obtaining licenses, renewing licenses, canceling licenses, and transferring licenses, obtaining building and restoration permits and land planning permits, obtaining building completion certificates, obtaining fencing licenses, obtaining demolition licenses, amending the memorandum of association of companies in which the Company is a partner, approving the partners' decisions, changing the legal entity, increasing or decreasing capital, accepting the waiver of shares, purchasing shares, entering and exiting partners, signing the partners' decision to merge, amending the remaining articles of the memorandum of association, liquidating the Company, converting the Company to an establishment, signing a lease contract, waiving a contract, preparing a plan for the owned land, inquiring at the municipality, converting agricultural land to residential, supervising construction, signing contracts with construction establishments and contractors, entering tenders, receiving forms, judgments, appointing arbitrators, appointing lawyers, representing before notaries public, representing before Sharia courts, using and implementing all electronic services of the Ministry of Justice, selling and conveying to the buyer, buying, accepting, conveying, paying the price, receiving the deeds, leasing, receiving the rent, signing lease contracts, renewing lease contracts, and canceling and terminating lease contracts, mortgaging, discharging the mortgage, parceling, sorting, amending the boundaries, lengths, area, numbers of the plots, plans, deeds and their dates, districts names, selling and accepting mortgage, updating deeds and entering them into the comprehensive system, selling a share, purchasing a share, leasing, amending the owner's name and the civil registry number, deposit, gift, conveyance, accepting gift and conveyance, waiving a shortfall in area, merging deeds, accepting the waiver and conveyance, obtaining a replacement for a set of lost deeds and the associated data as follows, selling and conveying to the heirs, waiving the share, registering the building, obtaining a replacement for a damaged deed for existing real estate, converting agricultural land to residential or industrial, entering into real estate contributions, purchasing real estate contribution shares, selling real estate contribution shares, waiving leased land, updating the deed and entering it into the comprehensive system, obtaining a replacement for a lost deed, converting agricultural land to residential, building a plot of land, renting a plot of land, changing the legal entity of the Company, converting the Company from a limited partnership to limited liability, dividing shares among the heirs and transferring them to their portfolios.

The Board of Directors must obtain the approval of the General Assembly when selling assets whose value exceeds 50% of the value of its total assets, whether the sale is made through a single transaction or several transactions. In such case, the transaction that leads to more than 50% of the value of the assets is deemed the transaction that requires the approval of the General Assembly. Such percentage shall be calculated from the date of the first transaction that took place during the preceding 12 months. The Board of Directors may, within the limits of its competence, delegate one or more Directors or another person to carry out a specific task or tasks.

D. Powers of the Chairman, Vice Chairman, Managing Director and Board Secretary

The Board of Directors shall appoint, at its first meeting, a Chairman of the Board from among its members and it may appoint a Managing Director or Vice Chairman of the Board from among its members.

The Board of Directors shall appoint a CEO from among its members or others.

The Chairman is responsible for issuing, renewing and canceling the following:

Commercial registrations, signing all documents at the Chamber of Commerce, selling the establishment, reviewing records management, obtaining registrations, transferring commercial registrations, managing registrations, canceling registrations, supervising registrations, initiating membership at the Chamber of Commerce, approving a signature at the Chamber of Commerce, canceling a signature at the Chamber of Commerce, entering tenders, receiving forms, transferring a branch of the establishment, inquiring at Social Insurance, inquiring at the Zakat and Income Authority, opening branches of registrations, managing the commercial registration, canceling the commercial registration, inquiring at Civil Defense, amending registrations, adding an activity, reserving a trade name, renewing membership at the Chamber of Commerce, amending the commercial registration, transferring the commercial registration, obtaining a replacement for a damaged or lost registration, registering a trademark, waiving a trademark, waiving a trade name, obtaining licenses, renewing licenses, amending licenses, adding an activity, reserving names, canceling licenses, renewing membership at the Chamber of Commerce, opening branches, inquiring at Social Insurance, inquiring at Civil Defense, inquiring at the Zakat and Income Authority, opening a branch of the license, transferring the license, establishing a company, signing the memorandum of association and addenda, canceling the memorandum of association and addenda, signing partners' decisions, appointing and dismissing managers, amending the Company's purposes, liquidating the Company, converting the Company from a joint stock company to a limited liability company, converting the Company from a limited liability company to a joint stock company, converting the Company from a partnership to a limited liability company, increasing capital, decreasing capital, entering and exiting partners, entering into existing companies, transferring shares, stocks and bonds, determining capital, receiving surplus of allocation, selling shares and stocks and receiving the value, waiving shares and stocks from capital, selling a branch of the company, amending the nationality of one of the partners in the MoA, accepting the waiver of shares, stocks, and capital, purchasing shares and stocks and paying the price, closing accounts with banks in the name of the Company, opening accounts with banks in the name of the Company, signing agreements, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing memorandum of association and addenda with a notary public, obtaining and renewing commercial registrations for the Company, joining the Chamber of Commerce and renewing the membership, inquiring at the General Investment Authority and signing before it, inquiring at the Saudi Standards, Metrology, and Quality Organization, inquiring at the Capital Market Authority, obtaining and renewing licenses for the Company, converting the establishment into a company, converting a branch of the Company into an establishment, converting a branch of the Company into a company, publishing the memorandum of association, addenda and their summaries, and the articles of association in the Official Gazette, inquiring at telecommunications companies, establishing landline or mobile phones in the Company's name, entering tenders, receiving forms, signing the Company's contracts with others, waiving or canceling trademarks, amending the Company's name, obtaining visas, converting the Company into an establishment, receiving visa compensation, updating workers' data, opening, renewing, and canceling primary and secondary files, reporting worker absconding, canceling absconding reports, transferring sponsorships, amending occupations, transferring ownership of, liquidating, and canceling establishments, inquiring at the Department of Private Recruitment Offices, inquiring at the Computer Department in the Ministry of Labor, obtaining and renewing work permits, receiving Saudization certificates, obtaining a data sheet (print), adding and deleting Saudis, recruiting, opening a file, and activating the Saudi portal, recruiting workers from abroad, completing labor procedures at Social Insurance, canceling visas, amending nationalities, obtaining family visit visas, obtaining family recruitment visas, inquiring at the embassy, extending exit and re-entry visas, extending visit visas, obtaining a data sheet (print), canceling a visa, recovering visa funds, modifying the arrival destination, signing company contracts, purchasing shares, liquidating the Company, selling shares, representing the Company in a company in which it is a shareholder and registering it with the Ministry, representing it before the notary public, signing the Company memorandum of association, signing partners' decisions and commercial registrations, obtaining and renewing residency permits, managing exit and re-entry, managing final exit, transferring sponsorships, obtaining replacements for lost or damaged residency permits, completing procedures for deceased workers, reporting absconding, canceling absconding reports, transferring information, updating data, settling and waiving workers, inquiring at the Deportation and Expatriates Department, obtaining worker data sheets (print), terminating employment, completing procedures for a deceased worker, managing port affairs, obtaining repatriation certificates, canceling exit and re-entry visas, canceling final exit visas, obtaining replacements for damaged or lost travel visas, obtaining extensions of visit visas, amending occupations, obtaining Hajj permits, inquiring at Maid Affairs, registering for electronic and banking services, opening accounts, opening lines of credit, depositing and withdrawing, issuing checks, updating accounts, obtaining account statements, requesting facilities, requesting guarantees, signing loan contracts, signing negotiable instruments, signing promissory notes, submitting any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, the authority to delegate any person – in accordance with the relevant regulations – to submit any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, transferring salaries, opening accounts with Sharia controls, closing and settling accounts, withdrawing from accounts, obtaining ATM cards, obtaining credit cards that comply with Sharia provisions, receiving and cashing remittances, cashing checks, issuing certified checks, obtaining checkbooks, obtaining account statements, transferring from accounts, requesting bank loans that comply with Sharia provisions and controls, opening an account with Sharia controls, depositing in the account, renewing safe deposit box subscriptions, subscribing to safe deposit boxes, requesting exemption from loans, objecting to checks, updating data, activating accounts, receiving checks, recovering safe deposit box units, reviewing and rescheduling installments, requesting points of sale, requesting a bank credit, requesting a bank guarantee, subscribing to joint stock companies, receiving certificates of contributions, purchasing and selling stock that complies with Sharia provisions, receiving the value of stock, receiving profits, receiving surplus, opening investment portfolios with Sharia controls, issuing, amending, and canceling orders, subscribing, purchasing stock, selling stock, recovering investment fund units, transferring stock from the portfolio, subscribing to investment fund units that comply with Sharia provisions, managing investment portfolios, obtaining proof of debt, liquidating investment portfolios, buying, selling, and conveying properties, mortgaging properties, including real estate, land, and stocks, mortgaging property, including the right to mortgage, discharge a mortgage, and collect at the Department of Lands, opening a store, obtaining health cards, opening shops, obtaining licenses, renewing licenses, canceling licenses, transferring licenses, obtaining building and restoration permits, obtaining building completion certificates, obtaining fencing licenses, obtaining demolition licenses, approving partners' decisions, including changing the legal entity and increasing or decreasing capital, accepting the waiver of shares, purchasing shares, entering and exiting partners, signing the partners' decision to merge, amending the remaining articles of the memorandum of association, liquidating the Company, converting the Company to an establishment in amending the articles of association of companies in which the Company is a partner, signing a lease contract, waiving a contract, inquiring at a municipality, supervising construction, signing contracts with construction establishments and contractors, entering tenders, receiving forms, upon judgment, appointing arbitrators, appointing lawyers, representing before notaries public, hearing and responding to lawsuits, participating in reconciliation, rejecting and accepting arbitration, rejecting and accepting settlements, acknowledging, denying, waiving, pleading, defending, claiming, litigating, using and implementing all electronic services of the Ministry of Justice, authorizing/delegating others to implement Ministry of Justice electronic services, signing the loan contract agreement, amendments thereto, its annexes, and all related documents, signing a follow-up agreement, signing a consulting agreement, signing before the notary public regarding the industrial mortgage for mortgaging all the Company's properties, receiving a loan, waiving a loan, requesting a loan exemption, repaying a loan, signing a letter of credit agreement, signing a corporate guarantee, signing an agreement to transfer obligations and amend the loan contract, signing an agreement to arrange debts for the Company and partners, issuing, amending, and canceling a waiver announcement, selling and conveying to the buyer, buying, accepting, conveying, paying the price, receiving deeds, leasing, receiving the rent, signing lease contracts, renewing lease contracts, and canceling and terminating lease contracts, mortgaging, discharging the mortgage, parceling, sorting, selling and accepting mortgage, updating deeds and entering them into the comprehensive system, purchasing, leasing, amending the owner's name and civil registry number, giving, conveying, accepting gift and conveyance, waiving a shortfall in area, merging deeds, accepting the waiver and conveyance, obtaining a replacement for a set of lost deeds and the associated data as follows: and obtaining a replacement for a set of lost deeds and the associated data as follows: registering the building, waiving the leased land, updating the deed and entering into the comprehensive system, obtaining a replacement for a lost deed, building a plot of land, renting a plot of land, changing the legal entity of the Company, converting the Company from a limited partnership to limited liability.

The Vice Chairman is responsible for: reviewing records management.

The Managing Director is also responsible for issuing, renewing, and canceling:

Commercial registrations, selling the establishment, signing all documents at the Chamber of Commerce, selling the establishment, reviewing records management, obtaining registrations, transferring commercial registrations, managing registrations, canceling registrations, supervising registrations, initiating membership at the Chamber of Commerce, approving a signature at the Chamber of Commerce, canceling a signature at the Chamber of Commerce, entering tenders, receiving forms, transferring a branch of the establishment, inquiring at Social Insurance, inquiring at the Zakat and Income Authority, opening branches of registrations, managing the commercial registration, canceling the commercial registration, inquiring at Civil Defense, amending registrations, adding an activity, reserving a trade name, renewing membership at the Chamber of Commerce, amending the commercial registration, transferring the commercial registration, obtaining a replacement for a damaged or lost registration, registering a trademark, waiving a trademark, waiving a trade name, obtaining licenses, renewing licenses, amending licenses, adding an activity, reserving names, canceling licenses, renewing membership at the Chamber of Commerce, opening branches, inquiring at Social Insurance, inquiring at Civil Defense, inquiring at the Zakat and Income Authority, opening a branch of the license, transferring the license, establishing a company, signing the memorandum of association and addenda, canceling the memorandum of association and addenda, signing partners' decisions, appointing and dismissing managers, amending the Company's purposes, liquidating the Company, converting the Company from a joint stock company to a limited liability company, converting the Company from a limited liability company to a joint stock company, converting the Company from a partnership to a limited liability company, increasing capital, decreasing capital, entering and exiting partners, entering into existing companies, transferring shares, stocks and bonds, determining capital, receiving surplus of allocation, selling shares and stocks and receiving the value, waiving shares and stocks from capital, selling a branch of the company, amending the nationality of one of the partners in the MoA, accepting the waiver of shares, stocks, and capital, purchasing shares and stocks and paying the price, closing accounts with banks in the name of the Company, opening accounts with banks in the name of the Company, signing agreements, registering the Company, registering agencies and trademarks, attending general assemblies, opening branches for the Company, opening files for the Company, signing memorandum of association and addenda with a notary public, obtaining and renewing commercial registrations for the Company, joining the Chamber of Commerce and renewing the membership, inquiring at the General Investment Authority and signing before it, inquiring at the Saudi Standards, Metrology, and Quality Organization, inquiring at the Capital Market Authority, obtaining and renewing licenses for the Company, converting the establishment into a company, converting a branch of the Company into an establishment, converting a branch of the Company into a company, publishing the memorandum of association, addenda and their summaries, and the articles of association in the Official Gazette, inquiring at telecommunications companies, establishing landline or mobile phones in the Company's name, entering tenders, receiving forms, signing the Company's contracts with others, waiving or canceling trademarks, amending the Company's name, obtaining visas, converting the Company into an establishment, receiving visa compensation, updating workers' data, opening, renewing, and canceling primary and secondary files, reporting worker absconding, canceling absconding reports, transferring sponsorships, amending occupations, transferring ownership of, liquidating, and canceling establishments, inquiring at the Department of Private Recruitment Offices, inquiring at the Computer Department in the Ministry of Labor, obtaining and renewing work permits, receiving Saudization certificates, obtaining a data sheet (print), adding and deleting Saudis, recruiting, opening a file, and activating the Saudi portal, recruiting workers from abroad, completing labor procedures at Social Insurance, canceling visas, recovering visa funds, amending nationalities, obtaining family visit visas, obtaining family recruitment visas, inquiring at the embassy, extending exit and re-entry visas, extending visit visas, obtaining a data sheet (print), canceling a visa, recovering visa funds, modifying the arrival destination, signing company contracts, purchasing shares, liquidating the Company, selling shares, representing the Company in a company in which it is a shareholder and registering it with the Ministry, representing it before the notary public, signing the Company memorandum of association, signing partners' decisions and commercial registrations, obtaining and renewing residency permits, managing exit and re-entry, managing final exit, transferring sponsorships, obtaining replacements for lost or damaged residency permits, completing procedures for deceased workers, reporting absconding, canceling absconding reports, transferring information, updating data, settling and waiving workers, inquiring at the Deportation and Expatriates Department, obtaining worker data sheets (print), terminating employment, managing my business, completing procedures for a deceased worker, managing port affairs, obtaining repatriation certificates, canceling exit and re-entry visas, canceling final exit visas, obtaining replacements for damaged or lost travel visas, obtaining extensions of visit visas, amending occupations, obtaining Hajj permits, inquiring at Maid Affairs, registering for electronic and banking services, opening accounts, opening lines of credit, depositing and withdrawing, issuing checks, updating accounts, obtaining account statements, requesting facilities, requesting guarantees, signing loan contracts, signing negotiable instruments, signing promissory notes, submitting any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, the authority to delegate any person – in accordance with the relevant regulations – to submit any of the requests or services falling under the jurisdiction of the Communications and Information Technology Commission, inquiring at the Ministry of Agriculture and the Directorate of Agriculture regarding, inquiring at the notary public or the court to accept its conveyance, transferring salary, opening accounts with Sharia controls, closing and settling accounts, withdrawing from accounts, obtaining ATM cards, obtaining credit cards that comply with Sharia provisions, receiving and cashing remittances, cashing checks, issuing certified checks, obtaining checkbooks, obtaining account statements, transferring from accounts, requesting bank loans that comply with Sharia provisions and controls, opening an account with Sharia controls, depositing in the account, renewing safe deposit box subscriptions, subscribing to safe deposit boxes, requesting exemption from loans, objecting to checks, updating data, activating accounts, receiving checks, recovering safe deposit box units, reviewing and rescheduling installments, requesting points of sale, requesting a bank credit, requesting a bank guarantee, subscribing to joint stock companies, receiving certificates of contributions, purchasing and selling stock that complies with Sharia provisions, receiving the value of stock, receiving profits, receiving surplus, opening investment portfolios with Sharia controls, issuing, amending, and canceling orders, subscribing, purchasing stock, selling stock, recovering investment fund units, transferring stock from the portfolio, subscribing to investment fund units that comply with Sharia provisions, managing investment portfolios, obtaining proof of debt, liquidating investment portfolios, managing properties, buying, selling, and conveying properties, including real estate, land, and stocks, mortgaging property, including the right to mortgage, discharge a mortgage, and collect at the Department of Lands, opening a store, obtaining health cards, opening shops, obtaining licenses, renewing licenses, canceling licenses, and transferring licenses, obtaining building and restoration permits, obtaining building completion certificates, obtaining fencing licenses, obtaining demolition licenses, approving partners' decisions including changing the legal entity, increasing or decreasing capital, accepting the waiver of shares, purchasing shares, entering and exiting partners, signing the partners' decision to merge, amending the remaining articles of the memorandum of association, liquidating the Company, converting the Company to an establishment in amending the articles of association of companies in which the Company is a partner, signing a lease contract, waiving a contract, inquiring at a municipality, supervising construction, signing contracts with construction establishments and contractors, entering tenders, receiving forms, upon judgment, appointing arbitrators, appointing lawyers, representing before notaries public, representing before Sharia courts, hearing and responding to lawsuits, participating in reconciliation, rejecting and accepting arbitration, rejecting and accepting settlements, acknowledging, denying, waiving, pleading, defending, claiming, litigating, using and implementing all electronic services of the Ministry of Justice, authorizing/delegating others to implement Ministry of Justice electronic services, signing the loan contract agreement, amendments thereto, its annexes, and all related documents, signing a follow-up agreement, signing a consulting agreement, signing before the notary public regarding the industrial mortgage for mortgaging all the Company's properties, receiving a loan, waiving a loan, requesting a loan exemption, repaying a loan, signing a letter of credit agreement, signing a corporate guarantee, signing an agreement to transfer obligations and amend the loan contract, signing an agreement to arrange debts for the Company and partners, issuing, amending, and canceling a waiver announcement, selling and conveying to the buyer, buying, accepting, conveying, paying the price, receiving deeds, leasing, receiving the rent, signing lease contracts, renewing lease contracts, and canceling and terminating lease contracts, mortgaging, discharging the mortgage, parceling, sorting, selling and accepting mortgage, updating deeds and entering them into the comprehensive system, purchasing, leasing, amending the owner's name and civil registry number, giving, conveying, accepting gift and conveyance, waiving a shortfall in area, merging deeds, accepting the waiver and conveyance, obtaining and registering the building, waiving the leased land, updating the deed and entering into the comprehensive system, building a plot of land, renting a plot of land, changing the legal entity of the Company, converting the Company from a limited partnership to limited liability.

The Board of Directors shall appoint a secretary to be selected from among its members or others. The Chairman of the Board of Directors may delegate (through a written decision) some of their powers to other Directors or to third parties to carry out a specific work or works. The Vice Chairman shall replace the Chairman in their absence in cases where the Board of Directors has a Vice Chairman.

E. Directors' Remuneration

The Directors' remuneration shall be determined by the Ordinary General Assembly within the limits stipulated in the Companies Law and its regulations or any other complementary laws, decisions or directives. The Board of Directors report to the capital owner must include a comprehensive statement of all the remuneration, expense allowances and other benefits received by the Directors during the financial year. It must also include a statement of any amounts received by the Directors in their capacity as employees or administrators or in return for technical, administrative or consulting work. Such report must also include a statement of the number of Board meetings and the number of meetings attended by each Director since the date of the last General Assembly meeting. A Director must immediately inform the Board of Directors of any interest he/she has, whether direct or indirect, in the business and contracts for the Company's account. This notification will be recorded in the minutes of the Board meeting when it convenes. Such Director may not participate in voting on the resolution issued in this regard by the Board and the General Assemblies. The Board will notify the General Assembly, when it convenes, of the work and contracts in which the Director has a direct or indirect interest. A special report from the Company's auditors, prepared in accordance with the audit standards approved in the Kingdom based on Article 71 of the Law, will be attached to the notification.

F. Board Committees

The Board of Directors may form committees, delegate to them the powers it deems appropriate, and coordinate between these committees with a view to the timely determination of matters presented to them. The formation of committees and their powers, duties, responsibilities and work arrangements will be specified in the relevant formation resolution issued by the Board of Directors.

G. Board Meetings

1. The Board of Directors shall meet at least 4 times a year at the invitation of its Chairman. The Chairman of the Board shall call the Board to a meeting whenever requested to do so in writing by any Director to discuss any topic or topics. Board meetings may be held by telephone or by any other electronic means that allows all members present to hear and speak with all other members present. Unless otherwise notified, the Chairman of the Board may consider a member who participates by telephone or by any other electronic means of communication to be present at the entire meeting.
2. The Board of Directors shall determine the location of its meetings, which may be held using modern technology.

H. Quorum of Board Meetings

The quorum for Board meetings shall be the attendance of 50% of the Directors, while the quorum for issuing resolutions shall be the approval of 51% of the Directors.

I. Deliberations of the Board of Directors

1. Deliberations and decisions of the Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the attending Directors and the Secretary.
2. These minutes shall be recorded in a dedicated register signed by the Chairman of the Board and the Secretary.
3. Modern technical means may be used to sign and evidence deliberations and decisions and record minutes.

J. Appointment of the Auditor

The Company shall have one or more auditors from those licensed to work in the Kingdom, who shall be appointed annually by the, which shall determines the auditor's remuneration and term of office. The Ordinary General Assembly may also change the Auditor(s) at any time without prejudice to their right to compensation if the change occurs at an inappropriate time and for an illegitimate reason.

K. Powers of the Auditor

The auditor shall have the right at any time to review the Company's books, records and other documents, as well as the right to request the data and clarifications it deems necessary to obtain in order to verify the Company's assets, liabilities, and other matters that fall within the scope of its work. The Chairman of the Board of Directors shall enable the auditor to perform its duty. If the auditor encounters difficulty in this regard, it shall record the same in a report submitted to the Board of Directors. If the Board does not facilitate the auditor's work, the auditor shall request the Board of Directors to call the Ordinary General Assembly to convene in order to consider the matter.

L. Financial Year

The Company's financial year shall be twelve calendar months, starting on 1 January and ending on 31 December.

M. Financial Documents

1. At the end of each financial year of the Company, the Board of Directors shall prepare the Company's financial statements and a report on its activity and its financial position for the previous financial year. This report shall include the proposed method for dividend distribution. The Board shall present these documents to the Auditor at least 45 days before the date set for the annual Ordinary General Assembly.
2. The Company's Board Chairman, CEO and CFO (if any) shall sign the documents referred to in Paragraph 1 of this Article, copies of which shall be deposited at the Company's headquarters at the disposal of the Shareholders.
3. The Chairman of the Board shall provide the Shareholders with the Company's financial statements and the Board of Directors' report, after signature thereof, as well as the Auditor's report, if any, unless published via any modern technological means, at least twenty-one days prior to the date set for the annual Ordinary General Assembly. The Chairman shall also deposit these documents in accordance with what is specified in the Implementing Regulations of the Companies Law.

13.3.3 Rights and Restrictions Related to Securities

A. Capital of the Company

The issued capital of the Company is set at SAR 1,534,250,000, divided into 153,425,000 ordinary shares with a nominal value of SAR 10 per share, all of which are ordinary shares issued for cash. The amount paid in cash thereof is SAR 1,534,250,000 and the cash paid of the Issuer's capital has been deposited with a licensed bank.

B. Loan Bonds or Sukuk

The Company may, in accordance with the CMA Law, issue any type of loan bonds or sukuk, whether for public subscription or otherwise, inside or outside the Kingdom of Saudi Arabia, in accordance with the applicable laws.

C. Sale of Shares

The owner of the capital may not sell part or all of their shares except after the issuance of the financial statements for two financial years, each of which shall not be less than 12 months from the date of incorporation of the Company or the issuance of the approval of the CMA. The owner shall also inform the Ministry of their intention to sell.

D. Shares Allocated to Employees

If the purpose of the Company in purchasing its shares is to allocate them to its employees as part of the Employee Share Scheme, then in addition to the controls for the Company's purchase of its shares stipulated in Article 13 of these Bylaws, the following shall be taken into account:

1. The approval of the Extraordinary General Assembly of the Employee Share Scheme, which shall have the right to authorize the Board of Directors to determine the provisions of such scheme, including the allocation price for each share offered to employees, if they are offered in exchange for a consideration.
2. The non-involvement of non-executive Directors within the Employee Share Scheme, and the non-involvement of executive Directors in voting on the Board of Directors' resolutions related to the Employee Share Scheme.

E. Entitlement to Dividends

Shareholders shall be entitled to their share of dividends in accordance with the resolution of the General Assembly issued in this regard. The resolution shall indicate the date of entitlement and the date of distribution. Eligibility for dividends shall be for the owners of shares registered in the Shareholder register at the end of the day specified for entitlement. The Board of Directors shall implement the resolution of the General Assembly regarding the distribution of dividends to the Shareholders.

F. Distribution of Dividends

The Company's annual net profits shall be distributed as follows:

1. 10% of the net profits shall be allocated to form a statutory reserve. The Ordinary General Assembly may stop this allocation when the said reserve reaches 30% of the paid-up capital.
2. The Ordinary General Assembly may, upon a suggestion of the Board of Directors, set aside a certain portion of the net profits to form an contractual reserve and allocate it for a specific purpose or purposes.
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends—to the maximum extent possible—to shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to establish social institutions for the Company's employees or to support existing institutions of such kind.
4. The General Assembly shall determine the percentage to be distributed to shareholders from the net profits after deducting the reserves, if any.
5. Shareholders are entitled to get their share of the dividends in accordance with the resolution of the General Assembly issued in this regard. Such resolution shall indicate the date of entitlement and the date of distribution. Entitlement to dividends shall be for holders of shares at the end of the specified entitlement date. The regulations specify the maximum period within which the Board of Directors must implement the General Assembly resolution regarding the distribution of dividends to shareholders.

13.3.4 Amendment of Share Rights or Classes

A. Capital Increase

1. The Company's Board of Directors may resolve to increase the issued capital within the limits of the authorized capital, provided that the issued capital has been fully paid.
2. The Extraordinary General Assembly may decide to increase the Company's capital, provided that the issued capital has been paid in full. It is not required that the capital has been paid in full if the unpaid portion of the capital is due to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for their conversion has not yet expired.
3. In any case, the Extraordinary General Assembly may allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all or some of its subsidiaries, or any of them.
4. Shareholders who own shares when the Extraordinary General Assembly resolution is issued approving the capital increase shall have priority in subscribing to the new shares issued in exchange for cash shares. They shall be informed of their priority by registered mail in the Shareholder register or through modern technological means of the capital increase resolution, the subscription conditions, method, duration, and start and end dates, taking into account the type and category of the shares they own.
5. The Extraordinary General Assembly may suspend Shareholders' pre-emptive right to subscribe for an increase in the capital against contributions in cash or may give priority to non-Shareholders in such cases as it deems appropriate for the Company.
6. Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution approving the capital increase is adopted until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
7. Taking into account what is stated in Paragraph (5) above, the new shares shall be distributed among the priority rights holders who have requested subscription, in proportion to their priority rights out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they have requested of the new shares. The remainder of the new shares shall be distributed among the priority rights holders who requested more than their share, in proportion to their priority rights out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested of the new shares. Then, the remainder of the shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the Capital Market Law provides otherwise.

B. Decrease of Capital

1. The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's needs or if the Company suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article 59 of the Companies Law. The reduction resolution shall only be issued after reading a statement, in a General Assembly prepared by the Board of Directors, about the reasons necessitating the reduction, the Company's obligations and the effect of the reduction on the fulfillment thereof, provided that a report from the Company's Auditor is attached to this statement.
2. If the capital reduction is a result of a surplus over the Company's needs, the creditors shall be invited to express their objections to it, if any, within at least 45 days from the date specified for holding the Extraordinary General Assembly meeting to take the reduction resolution, provided that a statement explaining the amount of capital before and after the reduction, the date of the meeting and the effective date of the reduction shall be attached to the invitation. If one of the creditors objects to the reduction and submits their documents to the Company on the aforementioned date, the Company shall pay them their debt if it is due or provide them with sufficient guarantee to fulfill it if it is due on a later date.
3. Equality between Shareholders holding shares of the same type and class shall be taken into account when reducing the capital.

C. The Company's Purchase, Sale and Pledge of its Shares

1. The Company may purchase its ordinary shares in accordance with the following controls:

   a. The purpose of the purchase shall be to reduce the Company's capital or to retain the ordinary shares subject to purchase as treasury shares.

   b. The percentage of treasury shares shall not exceed at any time 10% of the Company's total shares.

c. The balance of treasury shares shall not exceed the balance of the Company's retained earnings.

d. The value of the shares subject to purchase shall be fully paid.

e. The issuance of a resolution by the Extraordinary General Assembly approving the purchase and setting a maximum limit for the number of shares subject to purchase as well as the purposes therefor. The Extraordinary General Assembly shall authorize the Board of Directors to complete the purchase in one or more stages within a maximum period of 12 months from the date of approval. The Company shall announce the approval of the Extraordinary General Assembly for the purchase and the terms of such approval immediately upon issuance thereof. The Extraordinary General Assembly may at any time decide to change the purposes of the share purchase.

2. The Company may not purchase its shares for use as treasury shares except for the following purposes:

   a. Fulfilling the rights of holders of debt instruments or financing instruments convertible into shares in accordance with the terms and provisions of those instruments or sukuk.
   b. Exchange for the acquisition of shares or stakes or the purchase of assets.
   c. Allocating them to the Company's employees within the Employee Share Scheme.
   d. Any other purpose determined by the Minister.

3. The Company shall provide sufficient information to the capital owner about the offer to purchase shares and the purchase period and give the capital owner a fair opportunity to offer their shares.
4. If the Company's purpose in purchasing its shares is to reduce its capital, the provisions of Articles 135 and 137 of the Companies Law shall be observed.
5. If the Company's purpose in purchasing its shares is to allocate them to its employees within the Employee Share Scheme, the following shall be observed:

   a. The approval of the Extraordinary General Assembly of the Employee Share Scheme, and it shall have the right to authorize the Board of Directors to determine the provisions of this Scheme, including the allocation price for each share offered to employees, if they are offered in exchange for a consideration.
   b. Non-involvement of the non-executive Directors within the Employee Share Scheme.
   c. Non-involvement of the executive Directors in voting on the Board of Directors' resolutions related to the Employee Share Scheme.

6. In the event that the Company's capital is increased by issuing priority rights shares, treasury shares shall have the same rights as other shares.

D. Restrictions on the Purposes of Treasury Shares

The Company may not purchase its shares for use as treasury shares except for the following purposes:

1. Fulfilling the rights of holders of debt instruments or financing instruments convertible into shares in accordance with the terms and conditions of those instruments.
2. Exchange for the acquisition of shares or stakes or the purchase of assets.
3. Allocating them to the Company's employees within the Employee Share Scheme.
4. Any other purpose determined by the Minister.

E. Sale of Treasury Shares by the Company

Treasury shares may, by a resolution of the Board of Directors, be sold in one or more stages, provided that the resolution of the Board of Directors does not conflict with the Extraordinary General Assembly resolution approving the purchase and sale of such shares.

F. Pledge of the Company's Shares

Shareholders may pledge the Company's shares in accordance with the following controls:

1. The pledge must be security for a debt.
2. The pledge must be in the interest of the Company and the shareholders at the discretion of the Board of Directors.

3. The Ordinary General Assembly must approve the pledge transaction. Prior approval may be obtained for more than one transaction.
4. The pledge must not result in a breach of the Companies Law and other relevant laws and regulations.

13.3.5 General Assemblies

A. General Assembly Meetings of Shareholders

1. General Assembly meetings of Shareholders shall be presided by the Chairman or, in their absence, the Vice-Chairman, or, the absence of them both, any person delegated by the Board of Directors from among its members. If the same is not possible, the General Assembly shall be presided by a person delegated by the Shareholders from among the Directors or others through voting.
2. Each Shareholder shall have the right to attend General Assembly meetings and they may delegate another person, other than a Director, to attend on their behalf.
3. General Assembly meetings may be held and Shareholders may participate in deliberations and vote on resolutions by modern technological means.

B. Convening of Assemblies

1. General and Special Assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall invite the Ordinary General Assembly to convene within 30 days from the date of the request of the Auditor or one or more Shareholders representing at least 10% of the Company's shares that have voting rights. The Auditor may invite the Ordinary General Assembly to convene if the Board does not address the invitation within 30 days from the date of the Auditor's request.
2. The request referred to in Paragraph 1 of this Article shall state the issues on which Shareholders are requested to vote.
3. The invitation to convene the Assembly shall be made at least twenty-one days prior to the date set in accordance with the provisions of the Law, taking into account the following:
   a. Informing the Shareholders by registered mail to their addresses in the Shareholder register or announcing the invitation through modern technological means.
   b. Sending a copy of the invitation and the agenda to the Commercial Register, as well as a copy to the CMA if the Company is listed on the Stock Exchange on the date of the invitation announcement.
4. The invitation to the Assembly meeting shall include the following as a minimum:
   a. A statement of the holder of the right to attend the Assembly meeting and their right to delegate whomever they choose from persons other than the Directors, along with a statement of the Shareholder's right to discuss the topics on the agenda of the Assembly and ask questions and how to exercise voting rights.
   b. The location, date and time of the meeting.
   c. The type of assembly, whether it is a General or Special Assembly.
   d. The meeting agenda, provided that it includes the items on which Shareholders are required to vote.

C. Powers of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company. The Ordinary General Assembly shall convene at least once a year during the six months following the end of the Company's financial year. The powers of the Ordinary General Assembly include the following:

1. Electing and dismissing Directors.
2. Appointing one or more auditors for the Company, as required by the Law, determining their fees, reappointing them and dismissing them.
3. Reviewing and discussing Board reports.
4. Reviewing and sharing the Company's financial statements.
5. Discussing the Auditors' report, if any, and making a decision thereon.
6. Deciding on the proposals of the Board of Directors regarding the method of dividend distributions.
7. Forming the Company's reserves and determining their uses.

D. Powers of the Extraordinary General Assembly

The Extraordinary General Assembly shall undertake the following:

1. Amending the Company's Bylaws, except for the following:

    a. Depriving the Shareholder or modifying any of their basic rights that they obtain in their capacity as a Shareholder, taking into account the nature of the rights related to the type or class of shares owned by the Shareholder, in particular the following:

        1. Obtaining a share of the dividends approved for distribution, whether the distribution is in cash or through the issuance of bonus shares to non-employees of the Company and its subsidiaries.
        2. Obtaining a share of the Company's net assets upon liquidation.
        3. Attending Shareholders' General and Special Assemblies, as well as participating in deliberations and voting on resolutions thereof.
        4. Disposing of their shares as per the provisions of the Law.
        5. Requesting access to the Company's records and documents, monitoring the work of the Board, filing a liability claim against Directors and challenging the validity of the resolutions of Shareholders' General and Special Assemblies.

    b. Making amendments that increase the financial liabilities of Shareholders, unless all Shareholders agree to the same.

2. Deciding on the continuation or dissolution of the Company.
3. Approving the Company's purchase of its shares.

E. Record of Attendance at General Assemblies

The owner or their representative shall make a record in the attendance register of the General Assembly at the Company's headquarters.

F. Quorum of the Ordinary General Assembly

1. Ordinary General Assembly meetings shall only be valid if attended by Shareholders representing at least a quarter of the Company's shares that have voting rights.
2. If the required quorum for the Ordinary General Assembly meeting is not met in accordance with Paragraph 1 of this Article, an invitation shall be sent to a second meeting to be held under the same conditions stipulated in Article 91 of the Companies Law within thirty days following the date specified for the previous meeting. However, the second meeting may be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting indicates the possibility of such meeting being held. In all cases, the second meeting shall be valid regardless of the number of shares that have voting rights represented therein.

G. Quorum of the Extraordinary General Assembly

1. Extraordinary General Assembly meetings shall only be valid if attended by Shareholders representing at least half of the Company's shares that have voting rights.
2. If the quorum required to hold The Extraordinary General Assembly meeting as per Paragraph 1 of this Article is not met, an invitation shall be directed to hold a second meeting as per the same conditions stated in Article 91 of the Companies Law. However, the second meeting may be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting indicates the possibility of such meeting being held. In all cases, the second meeting shall be valid if attended by a number of Shareholders representing at least one quarter of the Company's shares that have voting rights.
3. If the necessary quorum is not met to hold the second meeting, an invitation shall be sent for a third meeting to be held in the same conditions stipulated in Article 91 of the Companies Law. The third meeting shall be valid regardless of the number of shares with voting rights represented therein.

H. Voting at Assemblies

The election of Board Directors shall be by cumulative voting. Board Directors may not participate in voting on Assembly resolutions that relate to business and contracts in which they have a direct or indirect interest or that involve a conflict of interest.

I. Assembly Deliberations

Every Shareholder has the right to discuss the topics included in the agenda of the General Assembly and direct questions thereon to the Board Directors and the auditor. The Board of Directors or the auditor shall answer questions from Shareholders to the extent that this do not jeopardize the Company's interest. If a Shareholder considers that the answer to their question is insufficient, they may refer the matter to the General Assembly, whose decision in this regard shall be final.

J. Chairmanship of Assembly Meetings and Preparation of Meeting Minutes

General Assembly meetings shall be presided by the Chairman of the Board of Directors or, in their absence, their deputy, or, in the absence of them both, whoever is delegated by the Board of Directors from among its members. Minutes shall be drawn up at the General Assembly meeting and shall include the number of shareholders present in person or by proxy, the number of shares represented in person or by proxy, the number of votes assigned thereto, the resolutions passed, the number of votes for or against such resolutions, and a comprehensive summary of the discussions that took place at the meeting. The minutes shall be recorded regularly after each meeting in a special record signed by the chairman of the assembly, its secretary, and the vote collectors.

K. Conversion Assembly

The Conversion Assembly shall be held within 45 days from the date of the Ministry's resolution authorizing the Company's transformation. The presence of the owner or their authorized representative is a condition for the validity of such meeting.

L. Powers of the Conversion Assembly

The Conversion Assembly shall have competence over the matters stipulated in Article 61 of the Companies Law.

13.3.6 Liquidation and Dissolution of the Company

A. Company Losses

If the losses of a joint-stock company reach half of its issued capital, the Board of Directors shall disclose this fact and its recommendations regarding such losses within 60 days from the date on which it becomes aware thereof, and shall invite the Extraordinary General Assembly to convene within 180 days from the date of such knowledge to consider the continuation of the Company and to take any necessary measures to address such losses or to liquidate it.

B. Liability Action

The owner of the capital shall have the right to file a liability claim, vested in the Company, against the Directors who have committed an error that caused said owner of the capital to suffer damages. The owner of the capital may not file the aforementioned claim unless the Company's right to file it still exists. The owner of the capital must inform the Company of their intention to file the claim.

C. Winding-up of the Company

The Company, upon its dissolution, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The owner of the capital may issue a resolution for the voluntary liquidation of the Company, which must include the appointment of a liquidator and specify their powers, fees, any restrictions on their powers and the period required for the liquidation process. The period of a voluntary liquidation process shall not exceed 3 years and may not be further extended without a judicial order. The authority of the Board of Directors shall cease upon the dissolution of the Company; however, the Board shall remain responsible for the management of the Company and shall be deemed as liquidators toward third parties, until a liquidator is appointed. The owner of the capital shall retain their competencies throughout the duration of the liquidation process, but their role shall be limited to exercising their competencies insofar as they do not conflict with those of the liquidator.

13.4 Material Agreements

The Company has entered into several material agreements related to the cost of services within the course of its ordinary business, such as aircraft purchase agreements, sale-leaseback agreements, fuel supply agreements, ground service agreements and catering services agreements. The value of the liabilities – generally reflecting the usage value based on the unit price of services or products provided by service providers and suppliers – resulting from the material agreements entered into with service providers and suppliers, excluding agreements with aircraft manufacturers, specifically Airbus, amounted to SAR 875.3 million, SAR 1,816.5 million, SAR 2,237.3 million, SAR 1,693.9 million and SAR 2,157.3 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 33.0%, 39.2%, 37.6% 37.1% and 40.1% of the Company's total costs for the same periods, respectively.

The Company has entered into a number of material agreements related to service revenues in the ordinary course of its business, such as payment service agreements, catering service agreements and travel and tourism service agreements. Revenues from material agreements with customers – generally reflecting the usage value based on the unit price of services provided by the Company – amounted to SAR 804.4 million, SAR 1,251.1 million, SAR 1,650.3 million, SAR 1,093.0 million and SAR 1,590.6 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month periods ended 30 September 2023G and 2024G, respectively, representing 30.1%, 26.0%, 25.9%, 24.3% and 18.6% of the Company's total revenue for the same periods, respectively.

The liabilities arising from the Airbus agreement amounted to SAR 1,791.4 million, SAR 1,577.1 million, SAR 3,712.5 million, SAR 2,180.0 million, and SAR 1,196.8 million for the financial years ending 31 December 2021G, 2022G and 2023G, and for the nine-month periods ending 30 September 2023G and 2024G, respectively. These represented 24.1%, 16.3%, 28.9%, 17.9%, and 8.8% of the Company's total assets for the same periods, respectively. The liabilities resulting from the agreement with Airbus are part of the aircraft purchase amount – specifically the pre-delivery payments – prior to entering into purchase and leaseback agreements, for the purpose of the full purchase amount being paid by the lessor (and the Company recovering the partial payment it made) and transferring the ownership of the aircraft to the lessor, and then re-leasing the aircraft by the Company for operation within its fleet, for more details, please refer to Section 4.5 "**The Company's Fleet**" and Section 13.4.1 "**Aircraft Purchase and Leaseback Agreements**" of this Prospectus. It is noted that the Company entered into a new agreement with Airbus in November 2024G for the purpose of purchasing 30 new wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase 15 additional aircrafts of the same model (for more details, please refer to Section 13.4.1.1(b) "**A330neo Purchase Agreement**" of this Prospectus). It is noted that the Company entered into a new agreement with Airbus in November 2024G for the purpose of purchasing 30 new wide-body A330neo aircrafts, based on a firm order for 15 aircrafts and an option to purchase 15 additional aircrafts of the same model (for more details, please refer to Section 13.4.1.1(b) "**A330neo Purchase Agreement**" of this Prospectus).

As of the date of this Prospectus, the Company has 60 material agreements with service providers, suppliers, and customers. 10 of these agreements are of an unspecified or pre-fixed value, where the value-as-used is calculated based on the unit price of services or products provided, as applicable, with values amounting to SAR 1,360.3 million, SAR 2,616.5 million, SAR 3,429.0 million, SAR 2,464.6 million and SAR 3,084.2 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively. The number of specified value agreements is 10, which are agreements with aircraft manufacturers and suppliers, including Airbus, with values amounting to SAR 2,110.8 million, SAR 2,028.2 million, SAR 4,171.0 million, SAR 2,502.3 million and SAR 1,860.4 million for the financial years ended 31 December 2021G, 2022G and 2023G, and the nine-month periods ended 30 September 2023G and 2024G, respectively.

This section provides a summary of the agreements and contracts that the Board Directors believe are material in relation to the Company's business or may affect the investors' decision to subscribe for the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions thereof and cannot be considered a substitute for the terms and conditions of such agreements.

13.4.1 Aircraft Purchase and Leaseback Agreements

The Company has entered into one agreement with Airbus under which the Company purchases aircrafts. In addition, the Company has entered into 53 sale and leaseback agreements with various lessors as of 30 September 2024G in respect of aircrafts purchased from Airbus. Under these agreements, the Company, in coordination with Airbus, sells these purchased aircrafts to third parties, and leases them back from such third parties to the Company after entering into aircraft lease agreements.

The following is a summary of the key terms of the aircraft purchase agreement and sale and leaseback agreements entered between the Company and third parties.

13.4.1.1 Airbus Aircraft Purchase Agreements

A. Airbus Aircraft Purchase Agreement

Table 13.6: Airbus Aircraft Purchase Agreement

Agreement Title	Airbus Aircraft Purchase Agreement (hereinafter referred to as the "**Airbus Aircraft Purchase Agreement**")
Parties	– The Company – Airbus
Date	02/04/1438H (corresponding to 31/12/2016G), as amended on 22/03/1441H (corresponding to 19/11/2019G), 09/12/1441H (corresponding to 30/07/2020G), 02/02/1444H (corresponding to 29/08/2022G), 12/05/1444H (corresponding to 06/12/2022G), 23/11/1444H (corresponding to 12/06/2023G) and 29/06/1446H (corresponding to 30/12/2024G), and assigned to the Company pursuant to a novation agreement entered into between the Company, NAS Holding Company and Airbus on 29/05/1439H (corresponding to 15/02/2018G).
Agreement Duration and Renewal Mechanism	The final delivery of the aircraft will be in 2033G.
Subject of Agreement	Under the agreement, the Company will purchase 195 aircrafts from Airbus and receive the necessary training to use these aircrafts.
Pricing and Adjustments	The base price of the agreement is subject to adjustment in accordance with changes in economic conditions. Such changes will be measured using data obtained from the U.S. Department of Labor and the U.S. Bureau of Labor statistics in accordance with the terms of this agreement.
Material Obligations	Airbus will provide warranties for any component, equipment, accessory or spare part installed on any aircraft upon delivery, and the warranty will be for a specified period following delivery of the relevant aircraft. The warranties under the agreement apply to the purchased aircraft, their engines, and any specialized equipment, accessories or parts installed on the aircraft.
Termination	Either party shall have the right to terminate the Agreement by written notice upon the occurrence of any of the following events: – if one of the parties makes a general assignment in favor of its creditors or becomes insolvent; – if either party files application for voluntary bankruptcy; – if either party applies for or agrees to the appointment of any receiver, trustee or similar official to liquidate its business or any substantial portion of its assets; – if either party commences any proceeding relating to insolvency, bankruptcy, debt reorganization, liquidation or any other similar proceeding to alleviate a financial crisis, under the laws of any competent jurisdiction; or – if either party disposes of a significant portion of its assets for a period of not less than 60 days. In addition, in the event that the Company fails to make any payments in connection with the purchase of the aircraft pursuant to this agreement, Airbus shall have the right to terminate the agreement upon providing the Company with written notice prior to the termination.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and the courts in England shall have exclusive jurisdiction thereover.

Source: The Company

B. A330neo Purchase Agreement

Table 13.7: A330neo Purchase Agreement

Agreement Title	Airbus Aircraft Purchase Agreement (hereinafter referred to as the "**A330neo Purchase Agreement**")
Parties	– The Company – Airbus
Date	05/05/1446H (corresponding to 07/11/2024G)
Agreement Duration and Renewal Mechanism	Under the A330neo Purchase Agreement, the final delivery of the aircraft is scheduled to take place in 2029G.
Subject of Agreement	Airbus agrees to sell 15 A330-900 aircraft to the Company on a firm purchase basis.
Pricing and Adjustments	The base price is subject to adjustment in accordance with changes in economic conditions. Such changes will be measured using data obtained from the U.S. Department of Labor and the U.S. Bureau of Labor statistics in accordance with the terms of the A330neo Purchase Agreement.
Material Obligations	The A330neo Purchase Agreement may be terminated or the obligations thereunder may be suspended by written notice in the event of any of the following breaches by the Company or Airbus: – if either party initiates or has previously had action initiated against them under any law, seeking a ruling of insolvency, bankruptcy, liquidation, or any other exemption available to financially distressed debtors; – if either party seeks, or becomes subject to, the appointment of any administrator, trustee, receiver or similar officer concerning itself or all or a substantial part of its assets, and such action is not dismissed or suspended within a period of 60 days; – if either party is the subject of a lawsuit seeking attachment, receivership or similar regulatory action with respect to all or a substantial part of its assets, and such action is not dismissed or suspended within a period of 60 days; – if either party makes a general waiver or arrangement with or for the benefit of its creditors; – if either party causes, or becomes subject to, any event under any applicable law, which has a similar effect to any of the events specified in the paragraphs above; or – if either party is generally unable to pay its debts or acknowledges in writing its inability to pay its debts when due. In addition to certain other termination rights of Airbus, if the Company fails to make any payments relating to the purchase of the aircraft under the Agreement, Airbus may terminate the Agreement subject to prior notice to the Company.
Termination	Termination rights are also specified for non-excusable delays, allowing either party to terminate if an aircraft is not ready for delivery within 12 months of the scheduled period. Additionally, if the Company fails to make any payments related to the purchase of the aircraft under the agreement, Airbus has the right to terminate the agreement by providing prior written notice to the company before termination.
Applicable Law and Jurisdiction	The A330neo Purchase Agreement is governed by and construed in accordance with the laws of England, with disputes resolved under ICC Rules in Paris.

Source: The Company

13.4.1.2 Jackson Square Aviation Ireland Limited Aircraft Sale-Leaseback Agreements

Table 13.8: Aircraft Sale-Leaseback Agreements with Jackson Square Aviation Ireland Limited

Agreement Title	3 Agreements with Jackson Square Aviation Ireland Limited (hereinafter referred to as "**Jackson Square**") (hereinafter referred to collectively as "**Jackson Square Aircraft Sale-Leaseback Agreements**")
Parties	– The Company – Jackson Square
Date	26/08/1442H (corresponding to 08/04/2021G).
Subject of Agreement	The Company will sell 3 aircrafts, one aircraft per agreement, to Jackson Square upon completion of the sale and purchase of these aircrafts. Pursuant to these agreements and the Airbus Purchase Agreement, the aircrafts will be leased to the Company. Under the Jackson Square Aircraft Sale-Leaseback Agreements: (1) the two parties will enter into an assignment of the purchase agreement with respect to the aircraft; (2) the Company, Jackson Square, and Airbus will enter into a manufacturer acceptance and assignment of the purchase agreement; (3) the Company will assign to Jackson Square its rights under the assignment of the purchase agreement; and (4) Jackson Square must, immediately and prior to receiving the aircraft, pay or guarantee payment for the aircraft in accordance with the terms of the settlement letter entered into between the parties, accept the assignment of the Company's rights under the specific purchase agreement entered into with Airbus, and obtain title to the aircraft.
Pricing and Adjustments	The purchase price payable by Jackson Square to the Company for its purchase of the aircraft will be determined in accordance with the agreement. Jackson Square will pay the Company a lump sum specified in the agreement.
Termination	These agreements may be terminated upon the occurrence of any of the following events: – if the Company suffers a total loss of the aircraft prior to delivery; – if either party's obligations are terminated due to late delivery prior to delivery; – if either party's obligations are terminated as unlawful prior to delivery; or – by either party in the event of a material breach of any of their obligations under this agreement if such breach is not remedied within 10 business days.

Source: The Company

A. Jackson Square Lease Agreements

Table 13.9: Jackson Square Lease Agreements

Agreement Title	3 aircraft lease agreements with Jackson Square
Parties	– The Company – Jackson Square
Date	26/08/1442H (corresponding to 08/04/2021G).
Agreement Duration and Renewal Mechanism	Pursuant to Lease Agreements with Jackson Square, Jackson Square leases the aircraft to the Company within the following time periods:

Table 13.10: Lease Terms for the Aircraft Leased from Jackson Square

Aircraft Number	Delivery Period	Lease Termination Date
10478	April 2021G	12 years from the date of delivery
10243	May 2021G	12 years from the date of delivery
10539	April 2021G	12 years from the date of delivery

Source: Company's information.

Subject of Agreement	Jackson Square will lease to the Company the aircraft purchased through the Aircraft Sale-Leaseback Agreement.
Pricing and Adjustments	The Company will pay Jackson Square a lease amount according to a formula specified in the agreement.

Source: The Company

13.4.1.3 Aircraft Lease Agreements with a Subsidiary of CDB Aviation Lease Finance Designated Activity Company (CDB Aviation Lease Finance Designated Activity Company and its Subsidiaries)

Table 13.11: Aircraft Sale Agreements with CDB

Agreement Title	3 aircraft sale agreements with a subsidiary of CDB Aviation Lease Finance Designated Activity Company (CDB Aviation Lease Finance Designated Activity Company and its subsidiaries) (hereinafter referred to individually or collectively as "**CDB**"), dated 25/06/1443H (corresponding to 28/01/2022G), and two aircraft sale agreements dated 06/08/1443H (corresponding to 09/03/2022G) (hereinafter referred to collectively as "**CDB Aircraft Sale Agreements**")
Parties	– The Company – CDB
Date	25/06/1443H (corresponding to 28/01/2022G). 06/08/1443H (corresponding to 09/03/2022G).
Subject of Agreement	The Company will sell 5 aircrafts to CDP (one aircraft per agreement). Following completion of the sale and purchase process for these aircraft in accordance with the CDB Aircraft Sale Agreements, the aircraft will be leased to the Company.
Applicable Law and Jurisdiction	This agreement is governed by the laws of England, and any dispute arising out of or in connection with this agreement shall be referred to the courts of England.

Source: The Company

B. CDB Aircraft Lease Agreements

Table 13.12: CDB Aircraft Lease Agreements

Agreement Title	3 lease agreements with CDB dated 25/06/1443H (corresponding to 28/01/2022G) and 2 lease agreements dated 06/08/1443H (corresponding to 09/03/2022G) (hereinafter referred to collectively as "**CDB Aircraft Lease Agreements**")
Parties	– The Company – CDB
Date	25/06/1443H (corresponding to 28/01/2022G). 06/08/1443H (corresponding to 09/03/2022G).
Agreement Duration and Renewal Mechanism	Pursuant to the CDB Aircraft Lease Agreements, CDB will lease the aircraft to the Company during the following time periods: (see Table 13.13 below)
Subject of Agreement	CDB will lease to the Company the five aircrafts purchased under the Aircraft Sale Agreements with CDB as follows: (see Table 13.14 below)
Applicable Law and Jurisdiction	The CDB Aircraft Lease Agreements are subject to the laws of England, and any dispute arising out of or in connection with this agreement shall be referred to the courts of England.

Table 13.13: Time Periods for the Aircraft Leased from CDB

Aircraft Number	Delivery Period	Lease Termination Date
10760	February 2022G	144 months from the date of the delivery
10777	March 2022G	144 months from the date of the delivery
10807	April 2022G	144 months from the date of the delivery
10851	May 2022G	144 months from the date of the delivery
10911	June 2022G	144 months from the date of the delivery

Source: Company's information

Table 13.14: Aircraft Leased from CDB

Aircraft Number	Delivery Period
10760	February 2022G
10777	March 2022G
10807	April 2022G
10851	May 2022G
10911	June 2022G

Source: Company's information

Source: The Company

13.4.1.4 Aircraft Sale and Leaseback Agreements with Dune

Table 13.15: Aircraft Sale and Leaseback Agreements with Dune

Agreement Title	The Company entered into the following agreements for the sale and leaseback of aircraft: a. Two aircraft sale and purchase agreements between the Company and Dune Aviation 1 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). b. Two aircraft sale and purchase agreements between the Company and Dune Aviation 2 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). c. Two aircraft sale and purchase agreements between the Company and Dune Aviation 3 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). d. Two aircraft sale and purchase agreements between the Company and Dune Aviation 4 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). e. Two aircraft sale and purchase agreements between the Company and Dune Aviation 5 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). f. Two aircraft sale and purchase agreements between the Company and Dune Aviation 6 Limited, dated 01/03/1444H (corresponding to 27/09/2022G). (hereinafter referred to collectively as the "**Dune Aircraft Sale-Leaseback Agreements**") Dune Aviation 1 Limited, Dune Aviation 2 Limited, Dune Aviation 3 Limited, Dune Aviation 4 Limited, Dune Aviation 5 Limited, and Dune Aviation 6 Limited are hereinafter referred to as "**Dune**").
Parties	– The Company – Dune
Subject of Agreement	The Company will sell one aircraft under each sale-leaseback agreement entered into by Dune in accordance with the Dune Aircraft Sale-Leaseback Agreements, bringing the total number of aircrafts sold to 12.
Pricing and Adjustments	Dune shall pay the Company a specified lump sum in consideration of the aircraft as stipulated in the Dune Aircraft Sale-Leaseback Agreements.
Termination	The parties have the right to terminate the agreements upon the occurrence of any of the following events: – if, prior to delivery of the aircraft, the Company suffers a total loss of the aircraft; – if, prior to delivery, the obligations of either party are terminated due to late delivery; – if, prior to delivery, the obligations of either party are terminated as unlawful; or – by either party in the event of a material breach of any of their obligations under these agreements.
Applicable Law and Jurisdiction	These agreements are governed by the laws of England, and any dispute arising out of or in connection with these agreements shall be referred to arbitration conducted in accordance with the London Court of International Arbitration in London.

Source: The Company

A. Aircraft Lease Agreements with Dune

Table 13.16: Aircraft Lease Agreements with Dune

Agreement Title	The Company entered into the following lease agreements pursuant to the sale and leaseback agreements with Dune: a. Aircraft lease agreement between the Company and Avolon Leasing Ireland 3 Limited (hereinafter referred to as "Avolon") dated 13/10/1442H (corresponding to 25/05/2021G), which was assigned to Dune Aviation 1 Limited on 16/01/1445H (corresponding to 03/08/2023G). b. Two aircraft operating lease agreements between the Company and Dune Aviation 1 Limited dated 01/03/1444H (corresponding to 27/09/2022G). c. Two aircraft operating lease agreements between the Company and Dune Aviation 2 Limited dated 01/03/1444H (corresponding to 27/09/2022G). d. Two aircraft operating lease agreements between the Company and Dune Aviation 3 Limited dated 01/03/1444H (corresponding to 27/09/2022G). e. Aircraft operating lease agreement between the Company and Dune Aviation 4 Limited dated 01/03/1444H (corresponding to 27/09/2022G). f. Aircraft operating lease agreement between the Company and Dune Aviation 4 Limited dated 01/03/1444H (corresponding to 27/09/2022G), amended on 10/03/1445H (corresponding to 25/09/2023G). g. Aircraft operating lease agreement between the Company and Dune Aviation 5 Limited dated 10/03/1445H (corresponding to 25/09/2023G). h. Aircraft operating lease agreement between the Company and Dune Aviation 5 Limited dated 01/03/1444H (corresponding to 27/09/2022G), amended on 22/02/1445H (corresponding to 07/09/2023G). i. Two aircraft operating lease agreements between the Company and Dune Aviation 6 Limited dated 01/03/1444H (corresponding to 27/09/2022G). (hereinafter referred to collectively as the "**Dune Aircraft Lease Agreements**")
Parties	– The Company – Dune Aviation
Agreement Duration and Renewal Mechanism	The lease term for each aircraft leased to the Company under the Aircraft Lease Agreements with Dune is 144 months from the date of delivery, which is October 2022G.
Subject of Agreement	Pursuant to the Aircraft Lease Agreements with Dune, Dune leases the aircraft purchased pursuant to the sale and leaseback agreements with Dune to the Company. Accordingly, the Company has entered into a number of aircraft sale-leaseback agreements with Dune, under which the Company shall lease 12 aircrafts from Dune.
Pricing and Adjustments	The Company is obligated to pay a specified lump sum in consideration of the aircraft in addition to a lease payment in accordance with a specified formula stipulated in the Dune Aircraft Lease Agreements.
Applicable Law and Jurisdiction	These agreements are governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

13.4.1.5 Avolon Leasing Ireland 3 Limited Aircraft Sale-Leaseback Agreements

Table 13.17: Avolon Leasing Ireland 3 Limited Aircraft Sale-Leaseback Agreements

Agreement Title	The Company entered into the following aircraft sale and leaseback agreements with Avolon: a. Two aircraft sale-leaseback agreements between the Company and Avolon dated 13/10/1442H (corresponding to 25/05/2021G). b. 5 aircraft sale-leaseback agreements between the Company and Avolon dated 02/02/1444H (corresponding to 29/08/2022G). c. 6 aircraft sale-leaseback agreements between the Company and Avolon dated 12/08/1445H (corresponding to 22/02/2024G). (hereinafter referred to collectively as the "**Avolon Aircraft Sale-Leaseback Agreements**")
Parties	– The Company – Avolon
Agreement Duration and Renewal Mechanism	The Avolon Aircraft Sale-Leaseback Agreements shall expire automatically, and neither party shall have any further liability to the other.
Subject of Agreement	The Company shall sell one aircraft under each sale-leaseback agreement entered into by Avolon in accordance with the Avolon Aircraft Sale-Leaseback Agreements, bringing the total number of aircrafts sold to 13.
Pricing and Adjustments	Avolon shall pay the Company a specified lump sum in consideration of the aircraft as stipulated in the Avolon Aircraft Sale-Leaseback Agreements.
Termination	If Airbus's obligation to sell the aircraft or Airbus's obligation to purchase the Aircraft expires at any time prior to delivery, Avolon shall have the right to terminate its obligation to purchase the aircraft by notifying the Company in writing. If delivery is scheduled or rescheduled by Airbus to a date that would cause a delay in delivery, either party shall have the right to terminate these agreements with a written notice to the other party. If a loss occurs prior to delivery and causes physical damage to the aircraft, the Company shall immediately notify Avolon and the Avolon Sale-Leaseback Agreements shall be terminated automatically, and neither party shall have any further liability to the other. Avolon shall have the right to terminate its obligation to purchase the aircraft with a written notice to the Company in the event of the termination of Airbus's obligation or in the event of the sale and/or commitment of the Company to purchase the aircraft at any time prior to delivery. If the Company fails, at any time prior to delivery, to comply with any obligation (including representations, warranties, and covenants) to Avolon under the Avolon Sale and Leaseback Agreements (unless such violation is caused by Avolon's failure to comply with any of its express obligations under the Avolon Sale and Leaseback Agreements), Avolon shall have the right to terminate its obligation to purchase the aircraft by giving written notice to the Company. In addition, if Avolon fails, at any time prior to delivery, to comply with any obligation (including representations, warranties, and covenants) to the Company under the Avolon Sale and Leaseback Agreements (unless such violation is caused by the Company's failure to comply with any of its express obligations under the Avolon Sale and Leaseback Agreements or is due to any other person), the Company shall have the right to terminate its obligation to sell the aircraft by giving written notice to Avolon.

Source: The Company

B. Aircraft Lease Agreements with Avolon

Table 13.18: Aircraft Lease Agreements with Avolon

Agreement Title	The Company entered into the following Aircraft Lease agreements pursuant to Sale and Leaseback Agreements with Avolon: a. Aircraft lease agreement between the Company and Avolon dated 13/10/1442H (corresponding to 25/05/2021G). b. 5 aircraft lease agreements between the Company and Avolon dated 02/02/1444H (corresponding to 29/08/2022G). c. 6 aircraft lease agreements between the Company and Avolon dated 12/08/1445H (corresponding to 22/02/2024G). d. Two aircraft lease agreements between the Company and Avolon dated 13/11/1442H (corresponding to 23/06/2021G). e. 3 aircraft lease agreements between NAS Holding Company and CIT Aerospace International dated 24/04/1429H (corresponding to 01/04/2008G), which were fully assigned to the Company on 04/07/1439H (corresponding to 21/03/2018G) and then to Avolon on 05/05/1441H (corresponding to 31/12/2019G), and finally amended on 08/09/1445H (corresponding to 18/03/2024G). (hereinafter referred to collectively as the "**Avolon Aircraft Lease Agreements**").
Parties	– The Company – Avolon
Agreement Duration and Renewal Mechanism	In accordance with the aircraft lease agreements between the Company and Avolon, Avolon will lease aircraft to the Company during the following time periods: **Table 13.19: Periods for Leased Aircraft from Avolon** (see below) Source: Company's information
Subject of Agreement	In accordance with the aircraft lease agreements between the Company and Avolon, Avolon leases aircraft purchased under the aircraft sale and leaseback agreements entered into with Avolon to the Company.
Pricing and Adjustments	The Company shall pay Avolon a fixed amount according to a formula in consideration of each aircraft as stipulated in the Avolon Aircraft Lease Agreements.
Applicable Law and Jurisdiction	These agreements are governed by the laws of England, and any dispute arising out of shall be referred to the courts of England.

Table 13.19: Periods for Leased Aircraft from Avolon

Aircraft Number	Delivery Date
10442	May 2021G
1607	November 2021G
1624	December 2021G
11683	June 2023G
11719	June 2023G
11728	June 2023G
11746	June 2023G
11761	July 2023G
11739	March 2024G
11783	March 2024G
11853	May 2024G
11858	June 2024G
11713	February 2024G
11875	July 2024G
3894	May 2009G
3787	April 2009G
3817	April 2009G

Source: Company's information

Source: The Company

13.4.1.6 Aircraft Sale-Leaseback Agreement with Oriental and CMB Financial Leasing Limited

The Company has entered into aircraft sale-leaseback agreements with both Oriental and CMB Financial Leasing Limited (the parent company of Oriental Company) (hereinafter referred to as "**CMB**"), under which the Company shall sell aircraft to Oriental and CMB for those aircraft to be leased back to Oriental (collectively referred to as the "**Oriental and CMB Aircraft Sale-Leaseback Agreements**").

Below is a summary of the key terms of the Oriental and CMB Aircraft Sale-Leaseback Agreements.

A. Oriental and CMB Aircraft Sale-Leaseback Agreement

Table 13.20: Oriental and CMB Aircraft Sale-Leaseback Agreement

Agreement Title	Aircraft Sale-Leaseback Agreement with CMB
Parties	– The Company – CMB
Date	13/10/1442H (corresponding to 21/12/2022G)
Subject of Agreement	The Company shall sell 5 aircrafts to CMB. After completion of the sale and purchase of those aircrafts in accordance with the agreement and the Airbus Aircraft Purchase Agreement, the aircrafts shall be leased to the Company by Oriental.
Pricing and Adjustments	CMB shall pay the Company the amounts specified in the agreement in consideration of the purchase of the aircrafts. Pursuant to the agreement, the Company shall pay CMB commitment fees in consideration of two additional aircrafts.
Termination	The occurrence of any of the following shall result in the termination of the agreement: – if the Company fails to pay the commitment fees under the agreement; – if the Company fails to assign its rights in respect of any sale and leaseback of the aircrafts to Oriental Leasing 51 Limited; – if Airbus terminates the Airbus Aircraft Purchase Agreement; – the total loss of any aircraft; or – an event of default under any lease contract.
Applicable Law and Jurisdiction	These agreements are governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

B. Oriental Aircraft Sale-Leaseback Agreements

Table 13.21: Oriental Aircraft Sale-Leaseback Agreements

Agreement Title	The Company has entered into the following aircraft sale-leaseback agreements with Oriental: a. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 24/08/1441H (corresponding to 17/04/2020G). b. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 11/06/1441H (corresponding to 05/02/2020G). c. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 26/06/1441H (corresponding to 20/02/2020G). d. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 23/09/1442H (corresponding to 05/05/2021G). e. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited, dated 28/09/1442H (corresponding to 10/05/2021G). f. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 15/06/1442H (corresponding to 28/01/2021G). g. Purchase assignment agreement between the Company and Oriental Leasing 21 Limited, dated 03/12/1441H (corresponding to 24/07/2020G). h. Purchase assignment agreement between the Company and Oriental Leasing 21 Limited, dated 13/02/1442H (corresponding to 30/09/2020G). i. Purchase assignment agreement between the Company and Oriental Leasing 19 Limited, dated 12/01/1441H (corresponding to 11/09/2019G). j. Purchase assignment agreement between the Company and Oriental Leasing 19 Limited, dated 22/10/1440H (corresponding to 25/06/2019G). (hereinafter referred to collectively as the "**Oriental Aircraft Sale-Leaseback Agreements**") (Oriental Leasing 18 Limited, Oriental Leasing 21 Limited, Oriental Leasing 19 Limited, Oriental Leasing 18 Limited, Oriental Leasing 36 Limited, and Oriental Leasing 51 Limited shall be hereinafter referred to as "**Oriental**").
Parties	– The Company – Oriental
Subject of Agreement	The Company will sell one aircraft under each sale agreement entered into by Oriental in accordance with the First Oriental Aircraft Sale-Leaseback Agreements, bringing the total number of aircrafts sold to 10. Under the First Oriental Aircraft Sale-Leaseback Agreements: (1) the two parties will enter into an assignment of the purchase agreement with respect to the aircraft; (2) the Company, Oriental and Airbus will enter into a manufacturer acceptance and assignment of the purchase agreement; (3) the Company will assign to Oriental its rights under the assignment of the purchase agreement(1); and (4) Oriental must, immediately and before it receives the aircraft, pay or guarantee payment for the aircraft in accordance with the terms of the settlement letter entered into between the parties, accept the assignment of the Company's rights under the Airbus Aircraft Purchase Agreement, and obtain title to the aircraft.
Pricing and Adjustments	Oriental shall pay the Company a lump sum specified in the agreement for each aircraft.

Source: The Company

(1) Assignment refers to the ability to swap places, which allows airlines or buyers to exchange scheduled delivery positions within a manufacturer's order book, allowing one party to receive its order earlier or later based on its operational needs. Early delivery occurs when a customer receives an aircraft earlier than originally planned, often due to accelerated production or a change in the customer's fleet strategy.

C. Aircraft Lease Agreements with Oriental

Table 13.22: Aircraft Lease Agreements with Oriental

<table>
<tr><td>Agreement Title</td><td>The Company has entered into the following aircraft lease agreements with Oriental:
a. 3 aircraft lease agreements between the Company and Oriental Leasing 18 Limited dated 29/02/1440H (corresponding to 07/11/2018G).
b. 3 aircraft lease agreements between the Company and Oriental Leasing 21 Limited dated 29/02/1440H (corresponding to 07/11/2018G).
c. 2 aircraft lease agreements between the Company and Oriental Leasing 19 Limited dated 29/02/1440H (corresponding to 07/11/2018G).
d. 2 aircraft lease agreements between the Company and Oriental Leasing 18 Limited dated 21/05/1442H (corresponding to 05/01/2021G).
e. 5 aircraft lease agreements between the Company and Oriental Leasing 51 Limited dated 27/05/1444H (corresponding to 21/12/2022G).
(hereinafter referred to collectively as the "Oriental Aircraft Lease Agreements")</td></tr>
<tr><td>Parties</td><td>– The Company
– Oriental</td></tr>
<tr><td>Agreement Duration and Renewal Mechanism</td><td>Pursuant to the aircraft lease agreements entered into with Oriental, Oriental leases aircraft to the Company for the following periods for each aircraft leased:

Table 13.23: Periods for Leased Aircraft from Oriental
<table>
<tr><th>Aircraft Number</th><th>Lessor</th><th>Delivery Date</th><th>Lease Expiry Date</th></tr>
<tr><td>10105344 - 9225</td><td>Oriental Leasing 18 Limited</td><td>September 2019G</td><td>144 months from the delivery date</td></tr>
<tr><td>10036006 - 9428</td><td>Oriental Leasing 18 Limited</td><td>February 2020G</td><td>144 months from the delivery date</td></tr>
<tr><td>10036007 - 9531</td><td>Oriental Leasing 18 Limited</td><td>February 2020G</td><td>144 months from the delivery date</td></tr>
<tr><td>10036008 - 9522</td><td>Oriental Leasing 21 Limited</td><td>April 2020G</td><td>144 months from the delivery date</td></tr>
<tr><td>10036009 - 10179</td><td>Oriental Leasing 21 Limited</td><td>June 2020G</td><td>144 months from the delivery date</td></tr>
<tr><td>10036005 - 10350</td><td>Oriental Leasing 21 Limited</td><td>Q3 of 2020G</td><td>144 months from the delivery date</td></tr>
<tr><td>10105342 - 9040</td><td>Oriental Leasing 19 Limited</td><td>June 2019G</td><td>144 months from the delivery date</td></tr>
<tr><td>10105343 - 9163</td><td>Oriental Leasing 19 Limited</td><td>September 2019G</td><td>144 months from the delivery date</td></tr>
<tr><td>10550</td><td>Oriental Leasing 18 Limited</td><td>April 2021G</td><td>144 months from the delivery date</td></tr>
<tr><td>10514</td><td>Oriental Leasing 18 Limited</td><td>April 2021G</td><td>144 months from the delivery date</td></tr>
<tr><td>10064793 - 11541</td><td>Oriental Leasing 51 Limited</td><td>March 2023G</td><td>144 months from the delivery date</td></tr>
<tr><td>10064792 - 11462</td><td>Oriental Leasing 51 Limited</td><td>June 2023G</td><td>144 months from the delivery date</td></tr>
<tr><td>10064789 - 11539</td><td>Oriental Leasing 51 Limited</td><td>September 2023G</td><td>144 months from the delivery date</td></tr>
<tr><td>10064787 - 11525</td><td>Oriental Leasing 51 Limited</td><td>September 2023G</td><td>144 months from the delivery date</td></tr>
<tr><td>10064794 - 11582</td><td>Oriental Leasing 51 Limited</td><td>September 2023G</td><td>144 months from the delivery date</td></tr>
</table>
Source: Company's information.</td></tr>
<tr><td>Subject of Agreement</td><td>In accordance with the Oriental Aircraft Lease Agreements, Oriental will lease the aircraft purchased under the Oriental and CMB Aircraft Sale-Leaseback Agreements to the Company.</td></tr>
<tr><td>Pricing and Adjustments</td><td>The Company shall pay Oriental an amount according to a specified formula in consideration of the aircraft in accordance with the Oriental Aircraft Lease Agreements.</td></tr>
<tr><td>Applicable Law and Jurisdiction</td><td>The Oriental Aircraft Lease Agreements are subject to the laws of England, and any dispute arising therefrom shall be referred to the courts of England.</td></tr>
</table>

Source: The Company

13.4.1.7 Athena2 Aviation Leasing Limited Aircraft Lease Agreements

Table 13.24: Aircraft Lease Agreements with Athena2 Aviation Leasing Limited

Agreement Title	The Company has entered into the following aircraft purchase assignment agreements: a. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited dated 20/05/1436H (corresponding to 11/03/2019G). b. Purchase assignment agreement between the Company and Oriental Leasing 18 Limited dated 04/03/1440H (corresponding to 12/11/2018G). (hereinafter referred to collectively as the "**Second Oriental Aircraft Sale-Leaseback Agreements**")
Parties	– The Company – Athena2 Aviation Leasing Limited (hereinafter referred to as "Athena2")
Agreement Duration and Renewal Mechanism	The lease contract termination date shall be one hundred forty-four (144) months from the delivery date, which is March 2019G.
Subject of Agreement	The Company will sell one aircraft under each Oriental Sale Agreement in accordance with the Second Oriental Aircraft Sale-Leaseback Agreements, bringing the total number of aircrafts sold to two. Under the Second Oriental Aircraft Sale-Leaseback Agreements: (1) the two parties will enter into an assignment of the purchase agreement with respect to the aircraft; (2) the Company, Oriental 18, and Airbus will enter into a manufacturer acceptance and assignment of the purchase agreement; (3) the Company will assign to Oriental 18 its rights under the assignment of the purchase agreement; and (4) Oriental 18 must, immediately and prior to receiving the aircraft, pay or guarantee payment for the aircraft in accordance with the terms of the settlement letter entered into between the parties, accept the assignment of the Company's rights under the Airbus Aircraft Purchase Agreement, and obtain title to the aircraft. The Company also entered into two aircraft lease agreements with Oriental 18 Leasing Limited on 29/02/1440H (corresponding to 07/11/2018G), as amended on 04/07/1440H (corresponding to 11/03/2019G), which were transferred to Athena2 Aviation Leasing Limited pursuant to an assignment agreement between the Company and Oriental 18 Limited on 14/03/1441H (corresponding to 11/11/2019G). Oriental 18 Limited initially purchased two aircrafts numbered 8756 and 8443 from the Company under the Oriental Aircraft Sale-Leaseback Agreements. In completion of the sale and leaseback of the aircraft, the Company subsequently entered into two agreements with Oriental 18 Leasing Limited to lease these aircrafts to the Company. Athena2 then purchased the above-mentioned aircrafts from Oriental 18 Leasing Limited, and the two aircraft lease agreements with Oriental 18 Leasing Limited were assigned to Athena2 as the new owner of the aircrafts under the above-mentioned assignment agreement.
Pricing and Adjustments	Oriental shall pay the Company a lump sum specified in the agreement for each aircraft. The Company shall pay Athena2 a specified monthly lease payment for leasing the aircraft as stipulated in the aircraft lease agreements entered into with Athena2.
Applicable Law and Jurisdiction	The aircraft lease agreements with Athena2 are governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

13.4.1.8 Aircraft Lease Agreement with Oak Cone Aircraft Leasing Limited

Table 13.25: Aircraft Lease Agreement with Oak Cone Aircraft Leasing Limited

Agreement Title	The Company has entered into the following aircraft purchase assignment agreements: a. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 10/08/1442H (corresponding to 23/03/2021G). b. Purchase assignment agreement between the Company and Oriental Leasing 36 Limited, dated 24/07/1442H (corresponding to 08/03/2021G). (hereinafter referred to collectively as the "**Third Oriental Aircraft Sale-Leaseback Agreements**")
Parties	– The Company – Oak Cone Aviation Ltd (hereinafter referred to as " Oak Cone")
Agreement Duration and Renewal Mechanism	The lease contract termination date shall be 144 months from the delivery date, which is March 2021G.
Subject of Agreement	The Company shall sell one aircraft under each sale agreement to Oriental in accordance with the Third Oriental Aircraft Sale-Leaseback Agreements, bringing the total number of aircrafts sold to two. Under the Third Oriental Aircraft Sale-Leaseback Agreements: (1) the two parties will enter into an assignment of the purchase agreement with respect to the aircraft; (2) the Company, Oriental 36, and Airbus will enter into a manufacturer acceptance and assignment of the purchase agreement; (3) the Company will assign to Oriental 36 its rights under the assignment of the purchase agreement; and (4) Oriental 36 must, immediately and prior to receiving the aircraft, pay or guarantee payment for the aircraft in accordance with the terms of the settlement letter entered into between the parties, accept the assignment of the Company's rights under the Airbus Aircraft Purchase Agreement, and obtain title to the aircraft. The Company also entered into two aircraft lease agreements with Oriental 36 Leasing Limited on 21/05/1442H (corresponding to 05/01/2021G), as amended on 10/08/1442H (corresponding to 23/03/2021G), which were transferred to Oak Cone pursuant to an assignment agreement between the Company, Oak Cone, and Oriental 36 Leasing Limited dated 17/05/1443H (corresponding to 21/12/2021G). Oriental 36 Limited initially purchased two aircrafts numbered 10436 and 10431 from the Company under the Third Oriental Aircraft Sale-Leaseback Agreements. In completion of the sale and leaseback of the aircraft, the Company subsequently entered into two agreements with Oriental 36 Leasing Limited to lease these aircraft to the Company. Oak Cone then purchased the above-mentioned aircraft from Oriental 36 Leasing Limited, and the two aircraft lease agreements with Oriental 18 Leasing Limited were assigned to Oak Cone as the new owner of the aircraft under the above-mentioned assignment agreement.
Pricing and Adjustments	Oriental shall pay the Company a lump sum specified in the agreement for each aircraft. The Company shall pay Oak Cone a specified monthly lease payment for leasing the aircraft as stipulated in the aircraft lease agreements entered into with Oak Cone.
Applicable Law and Jurisdiction	The aircraft lease agreements entered into with Oak Cone are governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

13.4.1.9 Aircraft Sale-Leaseback Agreement with BOC Aviation (Ireland) Limited

Table 13.26: Aircraft Sale-Leaseback Agreement with BOC Aviation (Ireland) Limited

Agreement Title	Aircraft Sale-Leaseback Agreement with BOC Aviation (Ireland) Limited (hereinafter referred to as "**BOC**")
Parties	– The Company – BOC
Date	25/10/1440H (corresponding to 28/06/2019G)
Subject of Agreement	Under the agreement, the Company shall sell 4 aircrafts to BOC. Upon completion of the sale and purchase of these aircrafts under the agreement and the Airbus Aircraft Purchase Agreement, the aircrafts shall be leased to the Company.
Pricing and Adjustments	BOC shall pay the Company a lump sum specified in the agreement for each aircraft. The Company shall also pay BOC commitment fees in consideration of 4 aircrafts.
Termination	The occurrence of any of the following shall result in the termination of the agreement: – if the Company fails to pay the commitment fees under the aircraft sale-leaseback agreement with BOC; – if the Company fails to assign its rights in respect of any aircraft sale-leaseback to BOC; – if the Airbus Aircraft Purchase Agreement with Airbus is terminated; – if there is a total loss of any aircraft; or – if an event of default occurs under any lease contract.
Applicable Law and Jurisdiction	The agreement is governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

A. Aircraft Lease Agreement with BOC

Table 13.27: Aircraft Lease Agreement with BOC

Agreement Title	Aircraft Lease Agreement with BOC
Parties	– The Company – BOC
Date	25/10/1440H (corresponding to 28/06/2019G), as amended on 10/04/1442H (corresponding to 25/11/2020G).
Agreement Duration and Renewal Mechanism	In accordance with the aircraft lease agreement with BOC, the lease contract termination date shall be 12 years from the delivery date, which is November 2020G.
Subject of Agreement	Pursuant to the agreement, BOC shall lease to the Company aircraft No. 11414 purchased under the Aircraft Sale-Leaseback Agreement with BOC.
Pricing and Adjustments	The Company shall pay BOC an amount according to a specified formula in consideration of the aircraft as stipulated in the Aircraft Lease Agreement with BOC.
Applicable Law and Jurisdiction	The Aircraft Lease Agreement with BOC is governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

13.4.2 Aircraft Lease Agreement with Aviator ML 3802 Limited

The Company has entered into an aircraft lease agreement with Aviator ML 3802 Limited (hereinafter referred to as "**Aviator Capital**"), under which Aviator Capital shall lease an aircraft to the Company with no prior sale-leaseback.

Table 13.28: Aircraft Lease Agreement with Aviator ML 3802 Limited

Agreement Title	Aircraft Lease Agreement with Aviator Capital
Parties	– The Company – Aviator Capital
Date	04/08/1436H (corresponding to 22/05/2015G), as amended on 27/11/1436H (corresponding to 11/09/2015G)
Agreement Duration and Renewal Mechanism	The lease contract termination date shall be 36 months from the delivery date, which is by November 2025G.
Subject of Agreement	NAS Holding Company entered into an aircraft lease agreement with Whitney Ireland Leasing Limited dated 04/08/1436H (corresponding to 22/05/2015G), as amended on 27/11/1436H (corresponding to 11/09/2015G) and assigned to Aviator ML 3802 Limited pursuant to an assignment agreement entered into between NAS Holding Company, Whitney Ireland Limited and Aviator Capital Company, dated 02/10/1438H (corresponding to 26/06/2017G). It was assigned to the Company pursuant to an assignment agreement dated 03/08/1439H (corresponding to 19/04/2018G). The agreement was amended on 02/11/1444H (corresponding to 22/05/2023G). According to the Agreement, Aviator Capital shall lease aircraft No. 3809 to the Company.
Pricing and Adjustments	The Company shall pay Aviator Capital a monthly lease payment specified in the agreement.
Termination	The occurrence of any of the following shall result in the termination of the agreement: – if the aircraft is not delivered on or before 12 July 2015G; – if there is a total loss of the aircraft; or – any event of default under the agreement.
Applicable Law and Jurisdiction	The agreement is governed by the laws of England, and any dispute arising therefrom shall be referred to the courts of England.

Source: The Company

13.4.3 Landing Services Agreement with TP Aerospace Pro ApS

The Company has entered into a landing services agreement with TP Aerospace Pro ApS (hereinafter referred to as "**Aerospace**"), under which Aerospace will equip four of the Company's Airbus A330 aircraft with ready-to-install, serviceable wheels and brakes. The Land For Less Program under this agreement also provides distribution of serviceable spare parts to specified delivery points within agreed time frames. The term "land" refers to the landing of aircraft.

Below is a summary of the key terms of the Landing Services Agreement with Aerospace.

Table 13.29: Landing Services Agreement with TB Aerospace Pro ApS

Agreement Title	Landing Services Agreement with Aerospace
Parties	– The Company – Aerospace
Date	10/06/1444H (corresponding to 03/01/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 3 years, commencing on 10/06/1444H (corresponding to 03/01/2023G). The agreement term shall be renewed annually by mutual agreement of the parties, unless terminated by prior notice by either party three (3) months prior to the expiration of the agreement.
Subject of Agreement	Under the agreement, Aerospace shall install wheels and brakes and provide the Company with access to its services and components at a guaranteed level of service for four of the Company's A330 aircrafts in consideration of specified fees. Under the terms of the agreement, Aerospace shall provide ready-to-install and serviceable wheels and brakes, provide 24/7 delivery and program management support services, distribute serviceable spare parts to the delivery point within the specified area within the time limits set forth in the agreement, deliver and store all spare parts properly in accordance with the "ATA 300" conditions and deliver all spare parts with an "EASA Form One" service certificate. Aerospace shall appoint a dedicated Program Manager to assist in the implementation and continuity of the Program, and shall ensure that maintenance is performed in accordance with the Component Maintenance Manual under the agreement and that original, approved parts are used for component maintenance. Aerospace shall provide the Company with on-site audits of its facilities worldwide and the availability of aircraft spare parts as specified in the agreement.
Pricing and Adjustments	Payments shall be made by the Company in accordance with the provisions of the agreement and the prices of the main wheel, the front wheel and the brakes. Either party shall have the right to terminate the agreement without cause at any time by providing the other party with 3 months' prior written notice.
Material Obligations	The parties must form a committee consisting of members from Aerospace and the Company to discuss and resolve any issues relating to the agreement.
Termination	Either party may terminate the agreement in the following cases: – if Aerospace or the Company materially breaches its obligations and does not remedy such breach within 30 days after being notified; or – in the event of bankruptcy, insolvency or similar financial difficulties of either party, or if either party becomes unable to pay its debts when due.
Applicable Law and Jurisdiction	The agreement is governed by the laws of England, and any dispute arising from the agreement that cannot be resolved amicably shall be referred to the courts in London.

Source: The Company

13.4.4 Aviation Fuel Supply Agreements

The Company has entered into 9 aviation fuel supply agreements with a number of parties, through which the Company purchases fuel for its aircraft and receives fuel at specific locations in accordance with delivery site agreements, according to an agreed-upon quality and quantity of fuel. The total costs resulting from the aviation fuel supply agreements amounted to SAR 284.2 million, SAR 727.4 million, SAR 767.2 million and SAR 638.9 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 10.7%, 16.0%, 12.9% and 11.9% of the total costs for the same periods, respectively. Below is a summary of the aviation fuel supply agreements entered into by the Company:

A. Aviation Fuel Supply Agreement with the Arabian Petroleum Supply Company

Table 13.30: Aviation Fuel Supply Agreement with Arabian Petroleum Supply Company

Agreement Title	Aviation Fuel Supply Agreement with Arabian Petroleum Supply Company (hereinafter referred to as "**APSCO**")
Parties	– The Company – APSCO
Date	28/05/1443H (corresponding to 01/01/2022G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be in accordance with the term of each Delivery Site Agreement. Pursuant to the Aviation Fuel Supply Agreement, the Company has entered into a delivery site agreement with APSCO. The term of that agreement is one year, effective from 28/05/1443H (corresponding to 01/01/2022G) until 07/06/1444H (corresponding to 31/12/2022G), automatically renewable unless terminated by either party by providing prior notice thirty (30) days prior to the expiration of the agreement. In addition, the Company has entered into an agreement for other delivery sites for a period of one year, effective from 19/06/1445H (corresponding to 01/01/2024G) until 30/06/1446H (corresponding to 31/12/2024G), automatically renewable unless terminated by either party by providing prior notice thirty days before the expiration of the agreement.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from APSCO to be delivered at specific locations in accordance with delivery site agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add. APSCO is committed under the agreement to the following responsibilities: – delivering all fuel to the aircraft, fuel tanks or pipelines; and – unloading the Company's aircraft of fuel for the purpose of adjusting the aircraft load upon the Company's request, provided that the necessary equipment is available.
Pricing and Adjustments	The amounts due to be paid by the Company to APSCO shall be specified as defined in the agreement. In addition, in the event that any government, official body or person representing any of them imposes restrictions on prices, or in the event that APSCO is prevented in any way from collecting and receiving payments, or the Company is prevented from paying and transferring prices, the delivery location affected by a change in prices as a result of any decisions shall be deemed automatically removed from the agreement without notice or any other action by either party, and all fuel supply operations at that location shall cease.
Termination	Either party shall have the right to terminate the agreement if the other party breaches any of its terms and fails to remedy such breach within 30 days after receiving notice from the affected party.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and the courts in England shall have non-exclusive jurisdiction over any dispute arising therefrom.

Source: The Company

B. Aviation Fuel Supply Agreement with United Fuel Company Limited

Table 13.31: Aviation Fuel Supply Agreement with United Fuel Company Limited

Agreement Title	Aviation Fuel Supply Agreement with United Fuel Company Limited (hereinafter referred to as "**United Fuel Company**")
Parties	– The Company – United Fuel Company
Date	12/11/1444H (corresponding to 01/06/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 12/11/1444H (corresponding to 01/06/2023G), and shall continue to include the term of each of the delivery location agreements. The agreement shall remain in effect unless terminated in accordance with the provisions of the agreement. Under the agreement, the Company has entered into a delivery site agreement with United Fuel Company. The term of that agreement is one year, effective from 24/11/1445H (corresponding to 01/06/2024G) until 04/12/1446H (corresponding to 31/05/2025G).
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from United Fuel Company to be delivered at specific locations in accordance with delivery site agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add. United Fuel Company is committed under the agreement to the following responsibilities: – ensuring that the Company's aircraft are supplied with fuel and taking all reasonable measures to avoid delaying the departure of the Company's aircraft; – providing the latest specific gravity or density measurement of the fuel from the airport store, or providing the Company with the appropriate equipment to measure this on the Company's aircraft, upon the Company's request; – ensuring that fuel delivery operations are carried out in accordance with applicable laws; and – defueling the Company's aircraft, at the Company's request.
Pricing and Adjustments	The amounts payable by the Company to United Fuel Company under the agreement shall be calculated on the basis of the Saudi Aramco published price for each month plus a fixed differential in Saudi Riyals per liter (excluding any governmental and/or regulatory fees or taxes imposed), unless otherwise agreed in any Delivery Site Agreement.
Termination	Each party may terminate any delivery site agreement in the event that United Fuel Company withdraws from its operations, or in the event that the Company ceases to operate at any fuel delivery site for any reason, after giving 90 days' prior notice. The following events shall result in termination of the agreement upon written notice to the defaulting party: – any material breach by the parties of their obligations under the agreement and failure to remedy such breach within 30 days of receipt of a written notice; or – the insolvency of either party, a general assignment to its creditors, bankruptcy, rearrangement or reorganization of its indebtedness, or the appointment of a receiver or trustee over all of its property. Either party shall have the right to terminate a Delivery Site Agreement at any time and for any reason by delivering a written notice to the other party. The termination shall commence 30 days after the delivery date of such notice or at any later date as specified in such notice.
Applicable Law and Jurisdiction	The agreement is governed by the laws and regulations in force in the Kingdom, and any dispute arising between the parties shall be referred for settlement through the senior management of the parties. If the dispute is not resolved by the senior management of the parties within 30 days, the competent court in Riyadh shall have jurisdiction thereover.

Source: The Company

C. Aviation Fuel Supply Agreement with Air Total SA

Table 13.32: Aviation Fuel Supply Agreement with Air Total SA

Agreement Title	Aviation Fuel Supply Agreement with Air Total International SA (hereinafter referred to as "**Air Total**")
Parties	– The Company – Air Total
Date	15/07/1439H (corresponding to 01/04/2018G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 15/07/1439H (corresponding to 01/04/2018G) and shall be consistent with the term of each Delivery Site Agreement. The agreement shall remain in effect unless terminated in accordance with its terms. Pursuant to the Aviation Fuel Supply Agreement, the Company has entered into two Delivery Site Agreements with Air Total. The term of those two agreements is one year, effective as of 22/09/1445H (corresponding to 01/04/2024G) and ending on 02/10/1446H (corresponding to 31/03/2025G). Pursuant to the two agreements with Air Total, the Company shall purchase aviation fuel from Air Total from several designated locations for fueling vehicles and connect them to aircraft specified in advance in the provisions of the two Delivery Site Agreements.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from Air Total to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add. Under the agreement, Air Total shall be responsible for locating and connecting fueling vehicles to aircraft, connecting fueling hoses to aircraft and delivering fuel in accordance with the Company's instructions.
Pricing and Adjustments	The amounts payable by the Company to Air Total shall be calculated on the basis of a formula for calculating prices or published airport and refinery prices and official and government announcements as follows: – the prices applicable to a particular fuel supply location, and any fluctuations therein, shall be based on the index of the Oil Price Report (Jet Kerosene as published daily in the "Platts Oilgram" report) or as published by other official third-party indexes; – the prices applicable shall be the average of the index prices (daily, weekly, monthly, etc.) in the periods in which the Company's fuel prices are determined, plus the premium applicable to each delivery location (excluding taxes and fees that may be applied); – the published airport prices shall be Air Total's published prices for the relevant delivery location; – refinery announcements and official and government announcements shall be based on the official announcements specified for the relevant delivery location; and – the insurance premium shall be added to the applicable published airport price or to the refinery, official or government prices. Under the two Delivery Site Agreements with Air Total, Air Total reserves the right to change the mechanism for calculating the amounts payable by the Company once during the term of each delivery agreement upon providing notice to the Company no later than the last day of the month preceding the month of the delivery.
Material Obligations	Air Total's total liability shall be limited to the amount required to be insured under the agreement.
Termination	Either party shall have the right to terminate the agreement in the event that Air Total ceases operations from any delivery site, or the Company ceases to operate at such site for any reason, after giving 30 days' prior written notice. The parties shall have the right to terminate the agreement without cause after giving 30 days' prior written notice. In addition, either party shall have the right to terminate the Delivery Site Agreements, after giving 30 days' prior written notice, if the parties fail to reach an agreement regarding a change in the market price of fuel.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and jurisdiction over any dispute not resolved amicably shall lie with the commercial courts in London.
Other Provisions	Air Total may, without the prior written consent of the Company, subcontract all or part of the performance of its obligations under the Agreement to a third party. If this third party is not acceptable to the Company, the Company must request in writing that the terms and conditions of the Delivery Location Agreements be amended.

Source: The Company

D. Aviation Fuel Supply Agreement with Associated Energy Group LLC

Table 13.33: Aviation Fuel Supply Agreement with Associated Energy Group LLC

Agreement Title	Aviation Fuel Supply Agreement with Associated Energy Group LLC
Parties	– The Company – Associated Energy Group LLC
Date	25/07/1440H (corresponding to 01/04/2019G)
Agreement Duration and Renewal Mechanism	The term of the agreement is effective from 25/07/1440H (corresponding to 01/04/2019G) and shall remain valid until it is terminated in accordance with the provisions of the agreement. Pursuant to the Aviation Fuel Supply Agreement, the Company has entered into a Delivery Site Agreement with Associated Energy Group LLC. The term of that agreement is one year, effective from 22/09/1445H (corresponding to 01/04/2024G) until 02/10/1446H (corresponding to 31/03/2025G). Pursuant to the agreement, the Company shall purchase aviation fuel from Associated Energy Group LLC from several designated locations for fueling vehicles at aircraft specified in advance in the provisions of the Delivery Site Agreement.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from Associated Energy Group to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add.
Pricing and Adjustments	Each Delivery Site Agreement between the Company and Associated Energy Group LLC sets forth the price that the Company pays to Associated Energy Group LLC for the purchase and delivery of fuel. If any Delivery Site Agreement does not specify the price owed by the Company, one of the following pricing mechanisms shall apply: – Market prices: Associated Energy Group LLC applies the market price set for a certain period of time, which is approved by the Company; or – Formula-based prices: both parties apply a formula-based price based on a third-party published quotation and subject to change based on: (1) the monthly, weekly, or bi-weekly average of the published quotes in effect for the period preceding the new pricing period, plus the agreed differential as specified in each Delivery Site Agreement; or (2) the average shall be calculated by totaling the low, medium, or high published quotes for each trading day and dividing the calculated amount by the number of trading days in the preceding period. In addition, under the Delivery Site Agreement, the costs and fees of third parties are borne by the Company and are subject to change without notice.
Termination	Either party has the right to terminate the agreement in the following cases: – either party: with 15 days' prior written notice, however the Company shall have no right to terminate the agreement if Associated Energy Group LLC has already commenced delivery of the fuel; or – the Company shall have the right to terminate the Delivery Site Agreements after giving 10 days' prior written notice in the event either party fails to reach an agreement on the above-mentioned market price.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of the State of Texas, United States, and the courts of the State of Texas, United States shall have non-exclusive jurisdiction thereover.

Source: The Company

E. Aviation Fuel Supply Agreement with Service Provider (1)

Table 13.34: Aviation Fuel Supply Agreement with Service Provider (1)

Agreement Title	Aviation Fuel Supply Agreement with Service Provider (1)
Parties	– The Company – Service Provider (1)
Date	08/08/1441H (corresponding to 01/04/2020G)
Agreement Duration and Renewal Mechanism	The term of the agreement is effective from 08/08/1441H (corresponding to 01/04/2020G) and shall remain valid until it is terminated in accordance with the provisions of the agreement. The Company has entered into a Delivery Site Agreement with Service Provider (1). This agreement shall be effective from 22/09/1445H (corresponding to 01/04/2024G) to 02/10/1446H (corresponding to 31/03/2025G). Under the Delivery Site Agreement, the Company shall purchase aviation fuel from Service Provider (1) at Doha International Airport, Dubai International Airport and Muscat International Airport. For Doha International Airport, pricing mechanisms are subject to change upon notice to the Company. With respect to Dubai International Airport, pricing mechanisms are subject to change based on the previous month's index pricing. In connection with Muscat International Airport, the pricing mechanisms are subject to change based on the previous month's mid-month index pricing. The difference stipulated in the Muscat International Airport Delivery Site Agreement does not include the refinery premium or connection fees for international flights, which must be added to the difference in the invoice. The government of Oman, through its refineries, has also offered a reduced cost for aviation fuel to encourage tourism. The difference in the Delivery Site Agreement includes this reduction without specifying the end date of the reduction. Service Provider (1) reserves the right to increase the difference by an equal amount if the refinery increases its prices.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from Service Provider (1) to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add. Service Provider (1) is committed under the agreement to the following responsibilities: – providing the latest specific gravity or density measurement of the fuel from the airport store, or providing the Company with the appropriate equipment to measure this on the Company's aircraft, upon the Company's request; – ensuring that fuel supply operations are carried out in accordance with applicable regulations; and – defueling the Company's aircraft, at the Company's request.
Pricing and Adjustments	Each agreement entered into between the Company and Service Provider (1) to specify delivery sites specifies the price the Company shall pay Service Provider (1) for the purchase and delivery of fuel. If any Delivery Site Agreement does not specify the price owed by the Company, one of the following pricing mechanisms shall apply: – Market prices: Service Provider (1) applies a specific market price for a certain period of time. The price terms and conditions for any fuel delivery site that is subject to the market price may be changed by Service Provider (1)'s notice to the Company. If the Company rejects this price, Service Provider 1 shall have the right, with 7 days' prior written notice, to: (1) continue to supply fuel at the price in effect prior to the Company's notice; or (2) terminate the relevant Delivery Site Agreement by providing 30 days' written notice; – Formula-based prices: both parties apply a formula-based price based on a third-party published quotation and subject to change based on: (1) the average of the published quotes applicable to the period preceding the new pricing period, plus the agreed differential, with the average calculated by totaling the relevant quotes for each trading day and dividing the calculated amount by the number of trading days in the preceding period; or (2) if a third-party published quote is modified or discontinued, the parties must mutually agree on a new published quote from another third party; or – Other prices: prices relating to the refinery's previous announced price offers and prices relating to conditions set by government agencies may change on the day the price change becomes effective, as Service Provider (1) must notify the Company in advance. Under the agreement, the Company and Service Provider (1) entered into a Guarantee Agreement dated 02/07/1442H (corresponding to 14/02/2021G) to remain valid for the duration of the agreement. The Company shall provide Service Provider (1) with a guarantee of $90,000 to establish an escrow fund to satisfy Service Provider (1)'s requirement to open, increase or continue a commercial line of credit for use by the Company to purchase fuel from Service Provider (1).

Termination	Either party shall have the right to terminate the Delivery Site Agreements by providing 30 days' prior notice of termination in the following cases: – if Service Provider (1) withdraws from its operations, or if the Company ceases operations at any fuel delivery location for any reason; – the implementation or adoption of any laws or regulations that prevent Service Provider (1) from increasing fuel prices; or – any governmental authority prohibiting, or claiming to prohibit, or interfering with Service Provider (1)'s increase in fuel prices. Under the agreement, the following events shall trigger termination of the agreement upon written notice to the breaching party: – any material breach by the parties of their obligations under the agreement and failure to remedy such breach within 10 days of receipt of a written notice; or – the insolvency of either party, a general assignment to its creditors, bankruptcy, rearrangement or reorganization of its indebtedness, or the appointment of a receiver or trustee over all of its property. In addition, either party shall have the right terminate any delivery site agreement at any time and for any reason by delivering a written notice to the other party, with termination to take effect 30 days after the delivery date of such notice or at any later date as specified in such notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and any dispute arising out of the agreement shall be resolved by arbitration conducted in accordance with the English Arbitration Act 1996G or any amendment thereto.
Other Provisions	Service Provider (1) may, without the prior written consent of the Company, assign or subcontract its obligations under the agreement or any Delivery Site Agreement in whole or in part to any affiliate or any third party.

Source: The Company

F. Aviation Fuel Supply Agreement with HIFA - OIL d.o.o. Tesanj

Table 13.35: Aviation Fuel Supply Agreement with HIFA - OIL d.o.o. Tesanj

Agreement Title	Aviation Fuel Supply Agreement with HIFA - OIL d.o.o. Tesanj (hereinafter referred to as "**HIFA**")
Parties	– The Company – HIFA
Date	09/09/1440H (corresponding to 14/05/2019G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 09/09/1440H (corresponding to 14/05/2019G) and shall remain in effect until it is terminated in accordance with the provisions of the agreement. There are no Delivery Site Agreements in effect under the Agreement.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from HIFA to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add.
Pricing and Adjustments	Each Delivery Site Agreement between the Company and HIFA specifies the price the Company shall pay HIFA for the purchase and delivery of fuel. If any Delivery Site Agreement does not specify the price owed by the Company, one of the following pricing mechanisms shall apply: – Formula-based prices: both parties apply a formula-based price based on a third-party published quotation and subject to change based on the monthly average of the applicable published quotations for the period prior to the new pricing period plus the agreed difference, with the average being calculated by summing the low or high quotations for each trading day and dividing the calculated amount by the number of trading days in the previous month; or – Other prices: Prices relating to the refinery's previous published quotes and prices relating to conditions set by local government agencies may change on the day the price change becomes effective, as HIFA must notify the Company in advance.
Termination	Either party shall have the right to terminate the Delivery Site Agreements by providing two months' prior written notice.
Applicable Law and Jurisdiction	The agreement is governed by the laws of Bosnia and Herzegovina, and the local court in Zenica, Bosnia and Herzegovina, shall have jurisdiction thereover.

Source: The Company

G. Aviation Fuel Supply Agreement with Saudi Aircraft Services Limited

Table 13.36: Aviation Fuel Supply Agreement with Saudi Aircraft Services Limited

Agreement Title	Aviation Fuel Supply Agreement with Saudi Aircraft Services Limited (hereinafter referred to as **Saudi Aircraft Services**")
Parties	– The Company – Saudi Aircraft Services Limited
Date	12/11/1444H (corresponding to 01/06/2023G).
Agreement Duration and Renewal Mechanism	The term of the Agreement is effective from 12/11/1444H (corresponding to 01/06/2023G) and shall remain valid until it is terminated in accordance with the provisions of the agreement. Under the agreement, the Company entered into a Delivery Site Agreement with Saudi Aircraft Services, the duration of which is one year, effective from 24/11/1445H (corresponding to 01/06/2024G) until 04/12/1446H (corresponding to 31/05/2025G).
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from Saudi Aircraft Services to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add.
Pricing and Adjustments	Each Delivery Site Agreement between the Company and Saudi Aircraft Services specifies the price the Company shall pay Saudi Aircraft Services for the purchase and delivery of fuel. If any Delivery Site Agreement does not specify the price owed by the Company, one of the following pricing mechanisms shall apply: – Market prices: Saudi Aircraft Services shall apply the market price determined for a certain period of time. The price terms and conditions for any fuel delivery site subject to the market price may be changed by Saudi Aircraft Services upon providing notice to the Company. If the Company rejects this price, Saudi Aircraft Services shall have the right, with seven 7 days' prior written notice, to: (1) continue to supply fuel at the price in effect prior to the Company's notice; or (2) terminate the relevant Delivery Site Agreement by providing 30 days' written notice; – Formula-based prices: both parties apply a formula-based price based on a third-party published quotation and subject to change based on: (1) the average of the published quotes applicable to the period preceding the new pricing period, plus the agreed differential, with the average calculated by totaling the relevant quotes for each trading day and dividing the calculated amount by the number of trading days in the preceding period; or (2) if a third-party published quote is modified or discontinued, the parties must mutually agree on a new published quote from another third party; or – Other prices: prices relating to the refinery's previous published quotes and prices relating to conditions set by local government agencies may change on the day the price change becomes effective, and Saudi Air Services must notify the Company in advance.
Termination	Either party may terminate any Delivery Site Agreement in the event that Saudi Aircraft Services withdraws from its operations, or in the event that the Company ceases to operate at any fuel delivery site for any reason, after giving 60 days' prior notice. In addition, Saudi Aircraft Services shall have the right to terminate any Delivery Site Agreement after giving 60 days' prior written notice in the following cases: – the implementation or adoption of any laws or regulations that prevent Saudi Aircraft Services from increasing fuel prices; or – any governmental authority prohibiting, or claiming to prohibit, or interfering with Saudi Aircraft Services' increase in fuel prices. Under the agreement, the following events shall trigger termination of the agreement upon written notice to the breaching party: – any material breach by the parties of their obligations under the agreement and failure to remedy such breach within 10 days of receipt of a written notice; or – the insolvency of either party, a general assignment to its creditors, bankruptcy, rearrangement or reorganization of its indebtedness, or the appointment of a receiver or trustee over all of its property.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom. Any dispute arising out of the agreement that cannot be resolved amicably shall be referred to arbitration under the arbitration rules of the Jeddah Chamber of Commerce.
Other Provisions	Without the prior written consent of the Company, Saudi Aircraft Services may assign its obligations under the Agreement or any Delivery Site Agreement in whole or in part to any affiliate or third party.

Source: The Company

H. Aviation Fuel Supply Agreement with Modern Consortium for Refueling Aircraft Co. (MCRA)

Table 13.37: Aviation Fuel Supply Agreement with Modern Consortium for Refueling Aircraft Co. (MCRA)

Agreement Title	Aviation Fuel Supply Agreement with Modern Consortium for Refueling Aircraft Co. (hereinafter referred to as "**MCRA**")
Parties	– The Company – MCRA
Date	10/05/1445H (corresponding to 23/11/2023G), as amended on 08/05/1446H (corresponding to 10/11/2024G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 01/07/1446H (corresponding to 01/01/2025G) and shall remain in effect unless terminated in advance by any of the parties after giving 30 days' prior notice.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from MCRA to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add.
Pricing and Adjustments	The amounts due from the Company to MCRA shall be as specified in the agreement.
Termination	MCRA shall have the right to terminate the agreement with prior written notice in the following cases: – the Company's failure to pay any of its debts as they fall due; – the Company's failure to provide any warranties required by MCRA under the agreement; – the Company's breach of any of its obligations under the agreement; – the Company becoming insolvent, making a general assignment in favor of creditors, becoming bankrupt, or if a receiver is appointed over all or a substantial part of its property or an application is filed; or – if there is a change of control of 50% or more in the Company.
Applicable Law and Jurisdiction	The agreement shall be governed by laws and regulations in force in the Kingdom, and any dispute arising between the parties shall be referred to the competent court in the Kingdom.

Source: The Company

I. Aviation Fuel Supply Agreement with Indian Oil Corporation Ltd.

Table 13.38: Aviation Fuel Supply Agreement with Indian Oil Corporation Limited

Agreement Title	Aviation Fuel Supply Agreement with Indian Oil Corporation Limited (hereinafter referred to as "**IndianOil**")
Parties	– The Company – Indian Oil Corporation
Date	08/08/1441H (corresponding to 01/04/2020G)
Agreement Duration and Renewal Mechanism	The term of the agreement is effective from 08/08/1441H (corresponding to 01/04/2020G) and shall remain valid until it is terminated in accordance with the provisions of the agreement.
Subject of Agreement	Pursuant to the agreement, the Company shall purchase aviation fuel for its aircraft from IndianOil to be delivered at specific locations in accordance with Delivery Site Agreements entered into separately between the two parties to define the quality and quantity of fuel that will be purchased, as well as any additional special fuel supply conditions that the two parties wish to add. As of the date of this Prospectus, there are no Delivery Site Agreements in effect between the Company and IndianOil.
Pricing and Adjustments	Amounts payable by the Company to IndianOil are calculated based on a formula based on: (1): Platts Arab Gulf published quote for the previous month, rounded up or down to two decimal places, and (2) Platts Arab Gulf published quote plus a fixed differential, airport taxes, and other fees.
Termination	Either party shall have the right to terminate the agreement at any time with 30 days' prior written notice. In addition, either party shall have the right to terminate the agreement with 30 days' prior written notice in the following cases: – if IndianOil withdraws its operations from, or IndianOil discontinues its operations at, any fuel delivery location for any reason; – breach by either party of any of its obligations under the agreement; – either party becomes insolvent, makes a general assignment in favor of creditors, becomes bankrupt, or a receiver is appointed or applied for with respect to all or a substantial part of its property.
Applicable Law and Jurisdiction	The agreement is governed by the laws in effect India, and any dispute that cannot be resolved amicably between the parties shall be referred to arbitration in Mumbai, India.

Source: The Company

13.4.5 Aircraft Engine Supply and Maintenance Agreements

The Company has entered into two aircraft engine supply and maintenance agreements with a number of parties, through which the Company obtains specialized aircraft engine supply, maintenance, repair, and inspection services from third-party service providers. The total costs resulting from the aircraft engine supply and maintenance agreements amounted to SAR 27.3 million, SAR 94.6 million, SAR 189.3 million and SAR 161.4 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 1.0%, 2.1%, 3.2% and 3.0% of total costs for the same periods, respectively. Below is a summary of the aircraft engine supply and maintenance agreements entered into by the Company:

A. Service Agreement with CFM International

Table 13.39: Service Agreement with CFM International

Agreement Title	Service Agreement with CFM International
Parties	– The Company – CFM International
Date	13/01/1442H (corresponding to 01/09/2020G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 12 years, commencing on 05/03/1440H (corresponding to 13/11/2018G), and each aircraft engine shall be installed and eligible for services under the agreement for 12 years.
Subject of Agreement	Under the agreement, the Company shall purchase 120 aircraft engines or parts thereof from CFM International. CFM International is committed to provide maintenance, repair and overhaul services for all of these engines or any parts thereof. CFM International will be the Company's exclusive service provider for the following services in relation to the supplied aircraft engines: (1) on-site visits to perform all maintenance and repair services; (2) repair or replacement of aircraft engines that are beyond economical repair; and (3) bearing transportation fees for repair visits. CFM International shall also provide the Company with paid services that are not Covered Services.
Pricing and Adjustments	The Company shall pay the amounts due to CFM International as stipulated under the agreement.
Termination	The agreement may be terminated with 30 days' prior written notice upon the occurrence of any of the following events: – if the Company materially breaches any of the provisions of the agreement; or – the commencement or announcement by either party of any proceeding involving its insolvency or bankruptcy that is not dismissed within 90 calendar days.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of the State of New York, USA, and any dispute arising out of the agreement shall be resolved through arbitration conducted in accordance with the ICC Rules of Arbitration.

Source: The Company

B. Engine Maintenance Services Agreement with MTU Maintenance Zhuhai Co. Ltd.

Table 13.40: Engine Maintenance Services Agreement with MTU Maintenance Zhuhai Limited

Agreement Title	Engine Maintenance Services Agreement with MTU Maintenance Zhuhai Limited (referred to hereinafter as "**MTU**")
Parties	– The Company – MTU Co.
Date	Undated.
Agreement Duration and Renewal Mechanism	The agreement shall be effective for an initial term of 3 years, commencing on 28/09/1443H (corresponding to 29/04/2022G), and shall be renewed automatically for additional one-year terms unless terminated in advance with 3 months' written notice by either party.
Subject of Agreement	Under the agreement, MTU shall perform maintenance, repair, modification and/or overhaul services at its facility on the Company's CFM56-5b engines on a nonexclusive basis.
Pricing and Adjustments	The Company shall pay amounts for the services provided by MTU as follows: (1) aircraft engine services, (2) fixed labor rates, and (3) prices and fees for used or new materials. MTU shall also charge the Company for materials provided by MTU under a price list agreed upon by the parties under the agreement.
Termination	The parties shall have the right to terminate the agreement in the event of any of the following events: – either party enters into an agreement with creditors due to aggravated debts; – either party enters into liquidation proceedings, whether mandatory or voluntary (except if entered into for the purpose of merger or restructuring); – the insolvency of either party; – either party is subject to the appointment of a receiver over all or a material part of its assets; or – breach by either party of any of its material obligations under the agreement. In addition, either party shall have the right to terminate the agreement at any time with 90 days' prior written notice.

Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England. Any dispute arising out of the agreement that is not resolved amicably shall be resolved through arbitration pursuant to the rules of the Arbitration Act 1996 and the International Bar Association Rules on the Taking of Evidence in International Arbitration. The parties agreed to exclude the application of the 1979 United Nations Convention on Contracts for the International Sale of Goods and the Supply of Goods and Services Act.

Source: The Company

13.4.6 Aircraft Maintenance Agreements

The Company has entered into 8 aircraft maintenance agreements with a number of parties, through which the Company obtains specialized maintenance services and programs for aircraft and aircraft components, such as power units, wheels, and brakes, from third-party service providers. The total costs resulting from the aircraft maintenance agreements amounted to SAR 47.1 million, SAR 73.2 million, SAR 127.7 million, and SAR 109.1 million for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 1.8%, 1.6%, 2.1%, and 2.0% of total costs for the same periods, respectively. Below is a summary of the aircraft maintenance agreements entered into by the Company:

A. Agreement with Turkish Technic for a Range of Components Services

Table 13.41: Agreement with Turkish Technic for a Range of Components Services

Agreement Title	Agreement with Turkish Technic for a Range of Components Services
Parties	– The Company – Turkish Technic
Date	06/01/1445H (corresponding to 24/07/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 08/06/1444H (corresponding to 01/01/2023G) and shall end on 03/08/1449H (corresponding to 31/12/2027G), renewable by written agreement at any time for a period of up to three months prior to the expiration of the agreement.
Subject of Agreement	Under the agreement, Turkish Technic shall provide the Company with a maintenance and availability program for components dedicated to the maintenance of the Company's aircraft. This consists of the following services: – service of components suitable for maintenance in the Company's aircraft, whereby Turkish Technic shall provide alternative components during specified delivery periods; – repair, renewal and modification as required for components that are not suitable for maintenance; – services for pre-specified components stored at the Company's base in order to support its operations and maintain the service levels agreed upon between the two parties from time to time.
Pricing and Adjustments	The Company shall also pay fees in consideration of the services provided by Turkish Technic according to the type and age of the aircraft being serviced, in accordance with the provisions of the agreement. The Company shall pay additional fees as specified in the agreement for any additional services provided.
Termination	Both parties have the right to terminate the agreement by prior written notice, in the event of any of the following cases: – the insolvency of either party or its inability to pay its debts when due; – in the event that the average level of service under the agreement falls below 83% for two consecutive quarters; or in the event that the Company no longer operates A320 aircraft. In addition, either party may terminate the agreement at any time without any reason.
Applicable Law and Jurisdiction	The agreement shall be subject to the laws of England and Wales. Any dispute arising from the agreement that cannot be resolved by negotiation within 30 days shall be settled by the High Court of Justice in London.

Source: The Company

B. Aircraft Brake Maintenance Services Agreement with First Class Aviation Services

Table 13.42: Aircraft Brake Maintenance Services Agreement with First Class Aviation Services

Agreement Title	Aircraft Brake Maintenance Services Agreement with First Class Aviation Services
Parties	– The Company – First Class Aviation Services
Date	26/04/1444H (corresponding to 20/11/2022G), as amended on 11/03/1445H (corresponding to 26/09/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement is two years starting on 11/03/1445H (corresponding to 26/09/2023G) and ending on 14/04/1448H (corresponding to 25/09/2026G).
Subject of Agreement	Under the agreement, First Class Aviation Services shall provide the Company with maintenance services on a nonexclusive basis for the brakes of the Company's A320neo and A320ceo aircraft. First Class Aviation Services shall also perform filling, heating, and changing of packaging and repair services upon request. Upon receipt of the brakes from the Company, First Class Aviation Services shall: – conduct an arrival inspection to determine whether there are any missing parts or not; – disassemble as necessary and inspect to determine the extent of the required repair; and – agree with the Company on any modification to be implemented.
Pricing and Adjustments	The Company shall pay fees for the services provided by First Class Aviation Services in accordance with the provisions of the agreement.
Termination	Either party shall have the right to terminate the agreement at any time with 60 days' prior written notice.
Applicable Law and Jurisdiction	The agreement is governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom that cannot be resolved amicably within 90 days shall be referred to the competent courts in the city of Riyadh.

Source: The Company

C. General Terms Agreement for Aircraft Component Maintenance Services with First Class Aviation Services

Table 13.43: General Terms Agreement for Aircraft Component Maintenance Services with First Class Aviation Services

Agreement Title	General Terms Agreement for Aircraft Component Maintenance Services with First Class Aviation Services
Parties	– The Company – First Class Aviation Services
Date	09/02/1442H (corresponding to 26/09/2020G), as amended on 11/03/1445H (corresponding to 26/09/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 11/03/1445H (corresponding to 26/09/2023G) and shall end on 14/04/1448H (corresponding to 25/09/2026G), renewable for additional periods by agreement of the parties.
Subject of Agreement	Under the agreement, First Class Aviation Services shall provide the Company with maintenance services for the components of its aircraft, consisting of any independent parts, a set of parts, auxiliary components, or units that perform a function necessary for the operation of the system on the aircraft. These components are classified as follows: (1) components that include or contain replaceable parts, are usually economical to repair and are subject to rehabilitation to a fully serviceable condition within a period less than the life of the associated equipment; and (2) components that can be economically restored to a serviceable condition and in the normal course of operations, can be repeatedly restored to a fully serviceable condition within a period approximating the life of the associated equipment.
Pricing and Adjustments	The Company shall pay fees for the services provided by First Class Aviation Services in accordance with the provisions of the agreement.
Termination	Either party shall have the right to terminate the agreement immediately in the following cases: – if either party breaches any of its material obligations under the agreement and fails to remedy such breach within 30 days of a written notice; or – the insolvency of either party or making a general assignment in favor of its creditors or bankruptcy, or if a petition is filed to reorganize or re-settle its debts by or against it, appointing a receiver or guardian over all or a substantial part of its debts by or against it, or appointing a receiver or guardian over all or a substantial part of its assets.
Applicable Law and Jurisdiction	The agreement is subject to the laws and regulations in force in the Kingdom, and any dispute arising therefrom that cannot be resolved amicably within 90 days shall be referred to the competent courts in the Kingdom.

Source: The Company

D. Supply Agreement with Takhzeen Aerospace

Table 13.44: Supply Agreement with Takhzeen Aerospace

Agreement Title	Supply Agreement with Takhzeen Aerospace
Parties	– The Company – Takhzeen Aerospace
Date	01/05/1443H (corresponding to 05/12/2021G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years starting on 28/10/1442H (corresponding to 09/06/2021G).
Subject of Agreement	Under the agreement, Takhzeen Aerospace shall be an official distributor of Michelin aircraft tires in the Middle East and GCC region, supplying new and retreaded Michelin tires to the Company's fleet of up to 60 aircrafts. These tires shall comply with the specifications agreed upon between the two parties. Under this agreement, Takhzeen agrees to purchase the Company's tire fleet, excluding tires installed on aircraft. The maximum limit for this purchase is USD 500,000.
Pricing and Adjustments	Upon delivery of the tires, the Company shall pay Takhzeen Aerospace the net amount of all invoices after issuance of creditor notices. The invoiced amount shall be the value of the unserviceable tires and Takhzeen Aerospace shall replace the damaged tires with a serviceable tire of the same level. The Company shall pay fees for the services provided by Takhzeen Aerospace as specified in the agreement. In addition, the Company shall pay fees for each serviceable and unserviceable tire according to the level of the tires and in accordance with the terms of the agreement.
Termination	Takhzeen Aerospace may terminate this agreement upon the occurrence of any of the following events: – if the Company continuously fails to pay the amounts due for a period of three months, upon providing 30 days' prior written notice; or – if it is apparent that the Company has supplied, transferred, or sold any Takhzeen Aerospace products into any jurisdiction subject to sanctions, to restricted persons, or for a prohibited use. In addition, either party may terminate this agreement by written notice upon the dissolution or insolvency of the other party.
Applicable Law and Jurisdiction	This agreement is governed by the laws of England. Any dispute arising from the agreement that is not resolved amicably within 90 days shall be resolved by arbitration held in accordance with the London Court of International Arbitration in the United Kingdom.

Source: The Company

E. Maintenance Agreement with Service Provider (2)

Table 13.45: Maintenance Agreement with Service Provider (2)

Agreement Title	Maintenance Agreement with Service Provider (2)
Parties	– The Company – Service Provider (2)
Date	28/05/1443H (corresponding to 01/01/2022G)
Agreement Duration and Renewal Mechanism	The term of this agreement shall be as follows: – For certain aircraft classified as having "new" auxiliary power units, this agreement shall commence on 28/05/1443H (corresponding to 01/01/2022G) and shall remain in full force and effect for a period of 12 years according to the delivery date of each aircraft, unless extended by agreement of the parties, or unless the aircraft lease agreement is terminated by the aircraft lessor prior to the return date of the aircraft; and – For certain aircraft classified as "existing" auxiliary power units, this agreement shall commence on 28/05/1443H (corresponding to 01/01/2022G) and shall remain in full force and effect until the return date of each aircraft, unless extended by the parties.
Subject of Agreement	Service Provider 2 is committed under the agreement to provide the Company with maintenance service programs in connection with the auxiliary power units of the Company's aircraft. These services include: (1) repair/refurbishment of the auxiliary power unit, (2) testing and functional repair of replaceable units for repairable bolt-on lines, (3) replacement of parts for a limited period, (4) access to health monitoring tools, and (5) two-way transfer of the auxiliary power unit.
Pricing and Adjustments	In consideration of services provided on the Company's aircraft, the Company shall pay Service Provider 2 an hourly rate as specified in the agreement.
Termination	Either party may terminate this agreement in case of any of the following events: – if either party breaches any provision of this agreement upon giving a 60-day prior written notice; – in the event of the bankruptcy or insolvency of either party; or – repeated poor performance by Service Provider (2) without submitting a corrective action plan.
Applicable Law and Jurisdiction	This agreement is governed by the laws of the State of New York. Any dispute arising out of this agreement that is not resolved by a dispute committee within 45 days shall be resolved by arbitration held in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

Source: The Company

F. Maintenance Agreement with Honeywell International

Table 13.46: Maintenance Agreement with Honeywell International

Agreement Title	Maintenance Agreement with Honeywell
Parties	– The Company – Honeywell
Date	21/07/1443H (corresponding to 22/02/2022G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 21/07/1443H (corresponding to 22/02/2022G) and shall remain in full force and effect until: (1) 28/09/1454H (corresponding to 31/12/2032G), or (2) with respect to each individual equipment acquired under this agreement, for a period of 14 years from the date of delivery of the aircraft, whichever is later.
Subject of Agreement	Under the agreement, Honeywell is committed to provide the Company with equipment, new end items, replaceable units and components thereof, including those returned for replacement, and to perform related services on an exclusive basis. This is based on the following condition: (1) the Company shall purchase all fixed aircraft in accordance with the Airbus Purchase Agreement, and (2) Airbus shall purchase one auxiliary power unit for each aircraft.
Pricing and Adjustments	In consideration for the services provided by Honeywell, the Company shall pay an hourly rate as determined in the agreement for the services performed on each additional power unit. These fees shall be subject to adjustment on 1 January of each year in accordance with the formula agreed upon by the parties. The agreement shall also specify the payment mechanism and discounts.
Termination	Either party may terminate this agreement in case of any of the following events: – if either party materially breaches this agreement and fails to remedy such breach within 60 days; – the insolvency of either party; – if any material change in the nature of either party's business prevents them from performing under this agreement; or – if a delay without justification continues for 180 days to the extent that proper performance of the obligations becomes practically impossible. The Company may terminate this agreement by written notice if a level 1 audit result of any activity under the control of Honeywell is found to be non-rectifiable or if it is possible to be rectified, but is not rectified within the period of rectification specified by the airworthiness authorities.
Applicable Law and Jurisdiction	This agreement shall be governed by the laws of England and Wales and any dispute arising therefrom shall be referred to arbitration in accordance with the Arbitration Rules of England and Wales administered by the International Chamber of Commerce.

Source: The Company

G. Maintenance Agreement with Safran Landing Systems

Table 13.47: Maintenance Agreement with Safran Landing Systems

Agreement Title	Maintenance Agreement with Safran
Parties	– The Company – Safran
Date	13/09/1443H (corresponding to 14/04/2022G)
Agreement Duration and Renewal Mechanism	The term of this agreement shall commence on 13/09/1443H (corresponding to 14/04/2022G), retroactively from 28/04/1442H (corresponding to 13/12/2020G) with respect to aircraft classified as "occupant" and retroactively from 04/03/1440H (corresponding to 12/11/2018G) with respect to aircraft classified as "new" and shall continue thereafter until 18/08/1455H (corresponding to 11/11/2033G) or the date on which the last aircraft ceases to be operated by the Company, whichever occurs first. The Company may, at its sole discretion, request a five-year extension of the initial term of this agreement by written notice to Safran 6 to 12 months prior to the end of the initial term.
Subject of Agreement	Under the agreement, the Company agrees that Safran shall be the sole supplier of main wheels and carbon brakes to equip 16 A320ceo and 60 A320neo aircrafts. Under this agreement, Safran shall provide the Company with services related to the following: (1) technical documentation, (2) distribution of service bulletins, (3) technical support at the Company's main base at least once a year by a technical representative from Safran, (4) brakes and heat sinks, (5) training sessions, and (6) one set of maintenance tools for the main wheel and brakes.
Pricing and Adjustments	In consideration for the services provided by Safran, the Company shall pay fees as specified in the agreement and in accordance with the payment mechanisms specified in the agreement.
Termination	In the event that: (1) the Company operates any aircraft with wheels and brakes other than Safran wheels and brakes at any time during the term of this agreement, or Safran wheels and brakes are replaced with competitive equipment on any aircraft operated by the Company; or (2) the Company uses assemblies, sub-assemblies or parts not manufactured by Safran on one or more of the Company's aircraft, before the end of the term of this agreement for any reason other than those specified in this agreement and the Buyer continues to operate such aircraft, the Company agrees to pay Safran compensation for each such aircraft as specified in the agreement.

Applicable Law and Jurisdiction	This agreement shall be governed by the laws of England, and any dispute arising therefrom that is not settled amicably shall be referred to arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce.

Source: The Company

13.4.7 Aircraft Operation and Management Agreements

The Company has entered into two aircraft operation and management agreements. Under such agreements, the Company provides services related to charter flights, which are private flights that are not part of the Company's announced flight schedule, and the optimal commercial utilization of aircraft such as handling, catering and cleaning services as well as all third-party services related to maintenance, inspection, testing, repair, and other services. The total revenue generated from the aircraft operation and management agreements amounted to SAR 16.1 million, SAR 0, SAR 22.6 million, and SAR 0 for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 0.6%, 0%, 0.4% and 0% of the total revenue for the same periods, respectively. The following is a summary of the key terms of the Aircraft Operation and Management Agreements entered into by the Company.

A. First Aircraft Operation and Management Agreement

Table 13.48: First Aircraft Operation and Management Agreement

Agreement Title	First Operation and Management Agreement with Kalair and National Flight Services Company
Parties	– The Company – Kalair – National Flight Services Company
Date	05/03/1431H (corresponding to 19/02/2010G), as amended on 22/02/1443H (corresponding to 29/09/2021G).
Agreement Duration and Renewal Mechanism	The term of this agreement is two years, commencing on 22/02/1443H (corresponding to 29/09/2021G), and shall be renewed automatically for successive one-year periods each unless either party provides a notice two months prior to the expiry of this agreement.
Subject of Agreement	Under the agreement, Kalair shall receive the Company's management and operation services for fully charter flights, in addition to the necessary opinions and assistance in all matters related to management and maintenance in the commercial operation of the aircraft as a charter flight. Accordingly, National Aviation Services agrees to guarantee and pay any dues and invoices due from Kalair.
Pricing and Adjustments	In return for the services provided by the Company, Kalair shall pay specific fees as stated in the agreement. In addition, Kalair shall provide an advance payment upon signing the execution of this agreement equivalent to two months' worth according to the fees stated in the agreement, as a balance that will be returned to Kalair upon the expiration of this agreement and after settling all due payments.
Termination	This agreement may be terminated upon the occurrence of any of the following events: – upon the total loss of the operated aircraft; or – upon providing 90 days' prior written notice.
Applicable Law and Jurisdiction	The agreement shall be subject to the laws and regulations in force in the Kingdom and any dispute arising therefrom shall be referred to the commercial courts in Riyadh.

Source: The Company

B. Second Aircraft Operation and Management Agreement

Table 13.49: Second Aircraft Operation and Management Agreement

Agreement Title	Second Operation and Management Agreement with Kalair and National Flight Services Company
Parties	– The Company – Kalair – National Flight Services Company
Date	15/05/1439H (corresponding to 01/02/2018G), as amended on 26/03/1443H (corresponding to 01/11/2021G).
Agreement Duration and Renewal Mechanism	The term of this agreement is two years, commencing on 26/03/1443H (corresponding to 01/11/2021G), and automatically renewable for successive one-year periods each unless either party provides a three-month notice prior to the expiry of this agreement.
Subject of Agreement	Under the agreement, the Company shall provide administrative monitoring and control center services and supervise maintenance and operations monitoring services in relation to Kalair's fully chartered flights. Accordingly, National Aviation Services agrees to guarantee and pay any dues and invoices due from Kalair.
Pricing and Adjustments	For the services provided by the Company, Kalair shall pay specific fees as stated in the Agreement. Kalair must provide an advance payment for any fees owed to third parties.
Termination	The agreement may be terminated upon the occurrence of any of the following events: – upon the total loss of the aircraft being operated; or – upon the provision of 90 days' prior written notice.
Applicable Law and Jurisdiction	The agreement shall be subject to the laws and regulations in force in the Kingdom and any dispute arising therefrom shall be referred to the commercial courts in Riyadh.

Source: The Company

13.4.8 Purchase Terms Agreement for Rockwell Collins, Inc. Products

The Company has entered into an avionics products purchase terms agreement with Rockwell Collins, Inc., under which the Company purchases the avionics products that Rockwell Collins, Inc. shall install on the Company's Airbus A320neo aircraft.

Below is a summary of the key terms of the avionics products purchase terms agreement with Rockwell Collins, Inc.

Table 13.50: Avionics Products Purchase Terms Agreement with Rockwell Collins, Inc.

Agreement Title	Avionics Products Purchase Terms Agreement with Rockwell Collins, Inc.
Parties	– The Company – Rockwell Collins, Inc.
Date	04/03/1444H (corresponding to 30/09/2022G)
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 04/08/1444H (corresponding to 30/09/2022G) and shall end on 15/08/1450H (corresponding to 31/12/2028G) or upon the delivery of the last aircraft, whichever is earlier. The term of the agreement may be extended by agreement of the parties.
Subject of Agreement	Under the agreement, the Company shall purchase products to be installed by Rockwell Collins, Inc. on the Company's fleet of 60 confirmed and 60 optional A320neo aircrafts scheduled for delivery from 2018G to 2028G. In addition, Rockwell Collins, Inc. must maintain qualified staff at its facilities to provide the Company with product support services such as technical data, training, field service technical assistance, and modification and repair services. These products that will be installed by Rockwell Collins, Inc. include: – navigation products; – communication products; – weather radar products; and – aviation operational control programs.
Pricing and Adjustments	The Company shall pay a fee for the services provided by Rockwell Collins, Inc. as set forth in the agreement.
Termination	Either party may terminate this agreement or any purchase orders issued hereunder in the event of a material breach by the other party if such breach is not remedied within 90 days (or, in the event of a breach of the payment obligations under the agreement, 30 days) upon written notice from the other party specifying the nature of the breach; provided, however, if the breach is material (other than a breach of payment obligations) and of a remediable nature but cannot reasonably be remedied within 90 days, the defaulting party must provide a schedule for remedying such breach, and the non-breaching party shall not have the right to terminate the agreement so long as the breaching party commences remedy of the breach as soon as reasonably practicable after the commencement of the 90-day period.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and the courts in England shall have non-exclusive jurisdiction over any dispute arising therefrom.

Source: The Company

13.4.9 Aircraft Lease Agreement for Hajj Service with the Senegalese General Delegation for Hajj to the Holy Islamic Lands

The Company has entered into an Aircraft Lease Agreement for Hajj with the Senegalese General Delegation for Hajj to the Holy Islamic Lands (hereinafter referred to as the "**Senegalese Hajj Delegation**"). Under this agreement, the Senegalese Hajj Delegation shall lease the Company's aircraft to transport pilgrims.

Table 13.51: Aircraft Lease Agreement for Hajj Service with the Senegalese General Delegation for Hajj to the Holy Islamic Lands

Agreement Title	Aircraft Lease Agreement for Hajj with the Senegalese Hajj Delegation
Parties	– The Company – Senegalese Hajj Delegation
Date	23/08/1444H (corresponding to 15/03/2023G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 3 years, commencing on 23/08/1444H (corresponding to 15/03/2023G) and ending with the last Hajj departure in 2025G.
Subject of Agreement	Under the agreement, the Senegalese Hajj Delegation shall lease the Company's aircraft in whole or in part to transport pilgrims to and from the Kingdom to perform the Hajj.
Pricing and Adjustments	The Senegalese Hajj Delegation shall pay for the services provided by the Company in accordance with the provisions of the agreement.
Termination	The parties shall have the right to terminate the agreement upon prior written notice if any of the following occurs: – either party becomes insolvent, makes a general assignment in favor of creditors, becomes bankrupt, or a receiver is appointed over all or majority of its property; or – the liquidation of either party.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to arbitration under the applicable rules of the Saudi Center for Commercial Arbitration.

Source: The Company

13.4.10 Ground Handling Services Agreements

The Company has entered into 9 ground handling services agreements with a number of parties, through which the Company uses third-party service providers to provide ground services in accordance with domestic and international safety regulations, such as coordination with local authorities, supervision and coordination services in connection with the Company's flights, baggage handling, aircraft towing, and passenger services at airport facilities agreed upon under the agreements. The Company must also provide the service providers with sufficient information and guidance to enable them to perform handling services properly. The total costs resulting from ground handling services amounted to SAR 116.4 million, SAR 276.8 million, SAR 3399 million and SAR 366.2 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ending 30 September 2024G, respectively, representing 4.4%, 6.1%, 5.7% and 6.8% of total costs for the same periods, respectively. Below is a summary of the ground handling service agreements entered into by the Company:

A. Ground Handling Services Agreement with Saudi Ground Services Company (First)

Table 13.52: Ground handling services agreement with Saudi Ground Services Company (First)

Agreement Title	Ground Handling Services Agreement with Saudi Ground Services Company (First)
Parties	– The Company – Saudi Ground Services Company
Date	06/05/1441H (corresponding to 01/01/2020G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 06/05/1441H (corresponding to 01/01/2020G).
Subject of Agreement	Under the agreement, Saudi Ground Services shall provide the Company with ground handling services at all airports in the Kingdom. These services include, but are not limited to, coordinating with government agencies, establishing local procedures and overseeing their implementation, taking actions required to respond to any letters addressed to the Company by other entities, supervision and coordination services, and providing passenger services and support.
Pricing and Adjustments	The Company shall pay handling fees for Saudi Ground Services Company's services according to the type of aircraft for each landing and take-off at Saudi airports in accordance with the provisions of the agreement.

Termination	If Saudi Ground Services Company fails to provide a consistently satisfactory level of service by repeatedly failing to meet the agreed service standards, the Company shall have the right to give notice to Saudi Ground Services Company requesting specific corrections within 30 days. If corrections are not made within 30 days, Saudi Ground Services Company shall be warned in writing. If Saudi Ground Services Company fails to remedy the problem fully within 60 days of such warning, the Company shall have the right to terminate the agreement.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

B. Ground Handling Services Agreement with Saudi Ground Services Company (Second)

Table 13.53: Ground Handling Services Agreement with Saudi Ground Services Company (Second)

Agreement Title	Ground Handling Services Agreement with Saudi Ground Services Company (Second)
Parties	– The Company – Saudi Ground Services Company
Date	14/04/1439H (corresponding to 01/01/2018G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 19/05/1445H (corresponding to 01/01/2024G) and shall end on 15/08/1450H (corresponding to 31/12/2028G).
Subject of Agreement	Under the agreement, Saudi Ground Services shall provide the Company with ground handling services for the purpose of Hajj and Umrah. These services include, but are not limited to, coordinating with government agencies, establishing local procedures and overseeing their implementation, taking actions required to respond to any letters addressed to the Company by other entities, supervision and coordination services, and providing passenger services and support.
Pricing and Adjustments	The Company shall pay for Saudi Ground Services Company's services for Umrah flights in accordance with the provisions of the agreement.
Termination	Either party shall have the right to terminate the Ground Handling Services Agreement with Saudi Ground Services Company at any time during the term of the agreement by giving six months' prior notice to the other party.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

C. Ground Handling Services Agreement with Royal Airport Services Company

Table 13.54: Ground Handling Services Agreement with Royal Airport Services Company

Agreement Title	Ground Handling Services Agreement with Royal Airport Services Company
Parties	– The Company – Royal Airport Services Company
Date	16/04/1442H (corresponding to 01/12/2020G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 16/04/1442H (corresponding to 01/12/2020G), and renewable through negotiation and agreement between the parties prior to the expiry of the agreement.
Subject of Agreement	Under the agreement, Royal Airport Services Company shall provide the Company with ground handling services at all international airports in Pakistan. These services include, but are not limited to, liaison with government agencies, establishing and maintaining local procedures, taking action on any communications directed to the Company by other entities, supervision and coordination services, passenger services, support, load control, security, cargo and mail services, flight operations and aircraft maintenance.
Pricing and Adjustments	The Company shall pay handling fees for the Royal Airport Services Company's services by aircraft type for each landing and take-off at all international airports in Pakistan in accordance with the provisions of the agreement.
Termination	Either party shall have the right to terminate the agreement at any time during the term thereof by providing 60 days' prior notice to the other party.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom that cannot be resolved amicably shall be referred to the competent courts in the Kingdom.

Source: The Company

D. Ground Handling Services Agreement with Saudi Amad for Airport Services & Transport Support (SAAS)

Table 13.55: Ground Handling Services Agreement with Saudi Amad for Airport Services & Transport Support (SAAS)

Agreement Title	Ground Handling Services Agreement with Saudi Amad for Airport Services & Transport Support (hereinafter referred to as "**SAAS**")
Parties	– The Company – SAAS
Date	17/08/1441H (corresponding to 10/04/2020G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 17/08/1441H (corresponding to 10/04/2020G).
Subject of Agreement	Under the agreement, SAAS shall provide the Company with ground services at King Abdulaziz International Airport, King Khalid International Airport, King Fahd International Airport, Prince Mohammed bin Abdulaziz International Airport, Jizan Regional Airport, and Abha International Airport. These ground transportation services relate to arrival and departure passenger buses, arrival and departure crew buses, VIP passenger transportation and medical elevator services.
Pricing and Adjustments	The Company shall pay handling fees for SAAS services as per the agreement.
Termination	Either party shall have the right to terminate the agreement upon 60 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

E. Ground Handling Services Agreement with Fly Montenegro Ground Handling LLC

Table 13.56: Ground Handling Services Agreement with Fly Montenegro Ground Handling LLC

Agreement Title	Ground Handling Services Agreement with Fly Montenegro Ground Handling LLC (hereinafter referred to as "**Fly Montenegro**")
Parties	– The Company – Fly Montenegro
Date	26/12/1443H (corresponding to 26/07/2022G)
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 26/12/1443H (corresponding to 26/07/2022G).
Subject of Agreement	Under the agreement, Fly Montenegro shall provide the Company with ground handling services at Tivat and Podgorica airports. These services relate to management services, passenger services, runway services, load control, flight operations and support and security services.
Pricing and Adjustments	In consideration for Fly Montenegro's services, the Company shall pay the fees specified in the agreement. In addition, Fly Montenegro shall provide additional services at the Company's request in exchange for predetermined fees. Any payments made by Fly Montenegro on behalf of the Company are made at cost rate.
Termination	Either party shall have the right to terminate the agreement upon 30 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws in force in the State of Montenegro, and any dispute arising therefrom shall be referred to the commercial courts of Montenegro.

Source: The Company

F. Ground Handling Services Agreement with Aviation Handling Services (Jordan) Ltd.

Table 13.57: Ground Handling Services Agreement with Aviation Handling Services (Jordan) Ltd.

Agreement Title	Ground Handling Services Agreement with Aviation Handling Services (Jordan) Limited (hereinafter referred to as "**Jordan Handling Services**")
Parties	– The Company – Aviation Handling Services (Jordan) Ltd.
Date	15/11/1433H (corresponding to 01/10/2012G), as amended on 12/02/1435H (corresponding to 15/12/2013G) and 15/03/1442H (corresponding to 01/11/2020G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 15/03/1442H (corresponding to 01/11/2020G).
Subject of Agreement	Under the agreement, Jordan Handling Services shall provide the Company with ground handling services at Queen Alia International Airport in Jordan. These services relate to representation, management and supervision, passenger services, runway services, load control, communications and flight operations, cargo and mail services, and support and security services.
Pricing and Adjustments	The Company shall pay fees for the services of Jordan Ground Handling according to the type of aircraft and type of service in accordance with the agreement.
Termination	The Company shall have the right to terminate the agreement in the following cases: – if Jordan Ground Handling materially breaches the agreed service levels and fails to remedy such breach within 30 days; – in case of a material change in schedule, frequency, or aircraft type resulting in the parties being unable to agree on a price adjustment; or – in case Jordan Ground Handling fails to fulfill any of its obligations under the agreement. Jordan Ground Handling shall have the right to terminate the agreement in the following cases: – in case of a material change in schedule, frequency, or aircraft type resulting in the parties being unable to agree on a price adjustment; or – failure of the Company to fulfill any of its obligations under the agreement. Either party shall have the right to terminate the agreement upon 90 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws in force in the Hashemite Kingdom of Jordan, and any dispute arising therefrom shall be referred to the commercial courts in the Hashemite Kingdom of Jordan.

Source: The Company

G. Ground Handling Services Agreement with Air Algerie

Table 13.58: Ground Handling Services Agreement with Air Algerie

Agreement Title	Ground Handling Services Agreement with Air Algerie
Parties	– The Company – Air Algerie
Date	19/06/1445H (corresponding to 01/01/2024G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 3 years, commencing on 19/06/1445H (corresponding to 01/01/2024G).
Subject of Agreement	Under the agreement, Air Algerie shall provide the Company with ground handling services at all airports in the People's Democratic Republic of Algeria. These services relate to representation, administrative functions, supervision and coordination, passenger services, departure and arrival services, runway services, organization, parking, runway-to-plane transportation, loading and unloading, safety measures, aircraft transportation, interior cleaning, loading, control and flight operations, support and security services.
Pricing and Adjustments	The Company shall pay handling fees and service fees for the services of Air Algerie in accordance with the provisions of the agreement.
Termination	Either party shall have the right to terminate the agreement upon 60 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws in force in the People's Democratic Republic of Algeria, and any dispute arising therefrom shall be referred to the commercial courts of the People's Democratic Republic of Algeria.

Source: The Company

H. Ground Handling Services Agreement with Service Provider 3

Table 13.59: Ground Handling Services Agreement with Service Provider 3

Agreement Title	Ground Handling Services Agreement with Service Provider 3
Parties	– The Company – Service Provider 3
Date	17/04/1445H (corresponding to 01/11/2023G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 17/04/1445H (corresponding to 01/11/2023G).
Subject of Agreement	Under the agreement, Service Provider 3 shall provide the Company with ground handling services in Egypt. These services relate to representation, administrative functions, supervision and coordination, passenger services, departure and arrival services, load control, flight operations, support services, and security services.
Pricing and Adjustments	In consideration of Service Provider 3 services, the Company shall pay the fees specified in the agreement for each service.
Termination	Either party shall have the right to terminate the agreement upon 60 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	This agreement is subject to the laws in force in the Arab Republic of Egypt.

Source: The Company

I. Ground Handling Services Agreement with a Subsidiary of Silk Way Airlines Ltd.

Table 13.60: Ground Handling Services Agreement with a Subsidiary of Silk Way Airlines Ltd.

Agreement Title	Ground Handling Services Agreement with a Subsidiary of Silk Way Airlines Limited
Parties	– The Company – Silk Way Airlines Limited
Date	17/09/1439H (corresponding to 01/06/2018G), as amended on 19/06/1445H (corresponding to 01/01/2024G).
Agreement Duration and Renewal Mechanism	The agreement shall be effective on 04/04/1441H (corresponding to 01/12/2019G) and shall end on 11/07/1447H (corresponding to 31/12/2025G).
Subject of Agreement	Under the agreement, Silk Way Airlines Limited shall provide the Company with ground handling services in Azerbaijan. These services relate to management functions, passenger services, ramp services, load control, flight operations, support services and security services.
Pricing and Adjustments	The Company shall pay the fees specified in the agreement for each service to Silk Way Airlines Limited. In addition, the Company shall pay fees for any additional services provided by Silk Way according to the agreed schedule under the agreement.
Termination	Either party shall have the right to terminate the agreement upon 60 days' prior written notice if it does not wish to continue until the end of the agreement term.
Applicable Law and Jurisdiction	Any dispute arising from this agreement shall be referred to the court located in the defendant's location.

Source: The Company

13.4.11 Catering Services Agreement with Catrion

The Company has entered into a catering services agreement with Catrion, under which Catrion shall provide in-flight catering services to the Company, including the provision of meals and related inventory and the in-flight sale of products. Catrion shall also manage product sales during the Company's flights.

Below is a summary of the key terms of the Catering Services Agreement with Catrion.

Table 13.61: Catering Services Agreement with Catrion

Agreement Title	Catering Services Agreement with Catrion
Parties	– The Company – Catrion
Date	02/12/1443H (corresponding to 01/07/2022G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 4 years, commencing on 02/12/1443H (corresponding to 01/07/2022G), and it shall continue unless terminated.
Subject of Agreement	Under the agreement, Catrion shall provide the Company with in-flight catering services, including the provision of meals and related inventory (referred to hereinafter as "Catrion Services"), in addition to ensuring and maintaining the quality and safe storage of all food items produced for the Company, which shall be delivered during transportation and aircraft loading. Catrion is also committed to providing Catrion Services to the Company at each location in accordance with the terms and conditions of the agreement, ensuring that they are provided in a timely manner using appropriate vehicles, drivers, and equipment. Catrion Services must comply with safety requirements and all applicable laws and regulations. Catrion must ensure that all Company property in its possession or under its control will be used exclusively for or in connection with the provision of Catrion Services.

Pricing and Adjustments	In consideration of Catrion Services, the Company shall pay the unit-priced items and fixed-price items agreed upon according to the agreement as set out in the agreement as follows:
	– Unit price items:
	  – food and beverages; and
	  – any non-food items loaded on board.

Termination	Either party may terminate the agreement as follows: – by giving written notice to the other party, at its sole discretion, in the event that the notified party materially breaches any term of the agreement and fails to remedy such breach within 30 days of receipt of the written notice; – immediately at any time if the other party becomes insolvent or makes a general assignment in favor of its creditors or in the event of bankruptcy, re-arrangement or re-settlement of indebtedness by or against it; – the occurrence of a force majeure event; or – in the event that an undisputed amount is not received from the Company within or prior to 45 days from the due date. In addition, either party shall have the right to terminate the agreement without cause at any time by giving the other party written notice of no less than 3 months before the actual termination date specified in the notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom. Any dispute arising from or in connection with the agreement shall be resolved by the parties' representatives. If not resolved by the parties' representatives within 10 days, the dispute shall be resolved by the parties' general directors. In case it is not resolved by the parties' general directors within 30 days, the dispute shall be referred to the competent courts in the city of Riyadh in the Kingdom.

Source: The Company

13.4.12 Codeshare Agreements

The Company has entered into two codeshare agreements with a number of parties. The Company and other airlines cooperate through these agreements to transport passengers and baggage on the other airline's aircraft. In these arrangements, flights are operated by one of the cooperating companies while tickets are sold by both of the cooperating companies, which allows for flexible booking and multiple flight options (for further information regarding the risks related to codeshare agreements, please refer to Section 2.1.37 "**Risks Related to Commercial Relations with Other Airlines**" of this Prospectus). The total revenue from the flynas LCC business segment resulting from the codeshare agreements amounted to SAR 0, SAR 3.4 million, SAR 11.2 million and SAR 25.5 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 0.0%, 0.1%, 0.2% and 0.5% of total revenue from the flynas LCC business segment for the same periods, respectively. Below is a summary of the codeshare agreements entered into by the Company:

A. Codeshare Agreement with Pegasus Airlines

Table 13.62: Codeshare Agreement with Pegasus Airlines

Agreement Title	Codeshare Agreement with Pegasus Airlines
Parties	– The Company – Pegasus Airlines
Date	28/09/1436H (corresponding to 15/07/2015G).
Agreement Duration and Renewal Mechanism	The preliminary term of the agreement is 12 years, commencing on 28/09/1436H (corresponding to 15/07/2015G), automatically renewable for a similar period unless terminated.
Subject of Agreement	The parties shall cooperate, with one as operating carrier and the other as marketing carrier, to transport passengers and baggage by aircraft on routes in accordance with the agreement, allowing each party to market flights on routes operated by the other party. Under the agreement, the parties shall coordinate their flight schedules to determine the connecting time for passengers on code share flights, provided that each party reserves the right to determine its own flight schedules at its sole discretion and to notify the other party in writing of any anticipated schedule change in relation to a code share flight as soon as possible before implementing any such change. In addition, the operating carrier shall notify the marketing carrier's flight operations control center in the event of cancellation or delay of the relevant code share flight.
Pricing and Adjustments	The revenue settlement procedures for the agreement are calculated based on the destination and the fixed price thereof paid in US Dollars to the Marketing Carrier.
Termination	Either party may terminate the agreement by giving written notice upon the occurrence of any of the following events: – during any subsequent period, and termination shall become effective on the first day of the relevant published codeshare routes published by IATA immediately following the last day of a 6-month period from the date on which the notice was sent; – a party breaches any term or warranty of the agreement, with termination becoming effective upon the expiration of a 15-day period from the date on which the notice was sent; – a party applies for bankruptcy or becomes insolvent; – a third party becomes the direct or indirect majority owner of the other party's share capital or acquires direct or indirect effective ownership and control of the other party, whether through acquisition, merger or otherwise; – the Marketing Carrier of the agreement may terminate the agreement in the event that the Operating Carrier fails to comply with any insurance provisions of the agreement; or – any regulatory approvals of a party are withdrawn, suspended, expired or are no longer in force.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and any dispute arising therefrom shall be subject to the jurisdiction of the courts of England and Wales on a non-exclusive basis.

Source: The Company

B. Codeshare Agreement with Etihad Airways

Table 13.63: Codeshare Agreement with Etihad Airways

Agreement Title	Codeshare Agreement with Etihad Airways
Parties	– The Company – Etihad Airways
Date	25/10/1433H (corresponding to 12/09/2012G), as amended on 03/04/1434H (corresponding to 13/02/2013G) and 15/12/1436H (corresponding to 28/09/2015G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 6 years, commencing on 11/12/1436H (corresponding to 24/09/2015G), pursuant to an undated annex to the agreement relating to route frequencies and schedule planning, which shall become effective as of 04/09/1444H (corresponding to 26/03/2023G) and shall remain in effect until further notice.
Subject of Agreement	Under the agreement, the parties shall cooperate, with one as operating carrier and the other as marketing carrier, to use each other's IATA Airline Designator Code to transport passengers and baggage by aircraft on routes in accordance with the agreement, allowing each party to market flights on routes operated by the other party.
Termination	Either party may terminate the agreement in the following cases: – if either party becomes unable to pay its debts when due, applies for bankruptcy or becomes insolvent; – if either party breaches any of the material terms under the agreement; or – if the government of either party withdraws any authorization to operate its services. In addition, either party may terminate the agreement at any time with 90 days' prior written notice.
Applicable Law and Jurisdiction	The agreement is governed by the laws of England, and any dispute arising therefrom that is not resolved amicably within 30 days shall be referred by the parties' executive management to the judicial authority of the London courts.

Source: The Company

13.4.13 Interline Agreements

The Company has entered into 7 interline agreements between airlines, whereby the Company and other airlines cooperate to facilitate the exchange of air passenger traffic. This means allowing passengers to travel on multiple airlines' flights under a single reservation, by combining flight schedules and services (for further information regarding the risks related to interline agreements, please see Section 2.1.33 "**Risks Related to the Development of Superior Aircraft Technology or the Introduction of a New Line of Aircraft**" of this Prospectus). The total revenue from the flynas LCC business segment generated from the interline agreements amounted to SAR 6.8 million, SAR 8.3 million, SAR 8.5 million and SAR 12.3 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 0.3%, 0.2%, 0.2% and 0.2% of the total revenue from the flynas LCC business segment for the same periods, respectively. Below is a summary of the agreements entered into by the Company:

A. Interline Agreement with Saudia

Table 13.64: Interline Agreement with Saudia

Agreement Title	Interline Agreement with Saudia
Parties	– The Company – Saudia
Date	28/05/1445H (corresponding to 12/12/2023G).
Agreement Duration and Renewal Mechanism	This agreement shall be effective on 02/06/1445H (corresponding to 15/12/2023G) and shall end on 02/10/1446H (corresponding to 31/03/2025G). The agreement may be renewed for similar periods upon a 30-day notice prior to the end of the agreement term.
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by establishing special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a flat rate per one way flight in US dollars for transportation per voucher for reservations in their inventory based on the itinerary and seat class. Each party will receive a 75% discount on the net price for tickets issued to children, in addition to a 10% discount on the net price for tickets issued to infants. Amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House. Either party may terminate the agreement immediately in the event that the other party materially breaches any of the terms of the agreement.
Termination	In addition, either party may terminate the agreement at any time upon 30 days' prior written notice.
Applicable Law and Jurisdiction	This agreement is subject to the governing laws in the Kingdom.

Source: The Company

B. Interline Agreement with Turkish Airlines

Table 13.65: Interline Agreement with Turkish Airlines

Agreement Title	Interline Agreement with Turkish Airlines
Parties	– The Company – Turkish Airlines
Date	13/01/1442H (corresponding to 01/09/2020G).
Agreement Duration and Renewal Mechanism	This agreement shall be effective from 13/01/1442H (corresponding to 01/09/2020G) and shall remain in effect until further notice.
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by establishing special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a flat rate per one way flight in US Dollars for transportation per voucher for reservations in their inventory based on the itinerary and seat class. Each party will also receive a discount at a specified rate in the agreement. Amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House.
Termination	Either party may terminate the agreement at any time upon 30 days' prior written notice.

Source: The Company

C. Interline Agreement with Pakistan Airlines

Table 13.66: Interline Agreement with Pakistan Airlines

Agreement Title	Interline Agreement with Pakistan Airlines
Parties	– The Company – Pakistan Airlines
Date	08/06/1444H (corresponding to 01/01/2023G).
Agreement Duration and Renewal Mechanism	This agreement shall be effective from 08/06/1444H (corresponding to 01/01/2023G) and shall remain in effect until further notice.
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by establishing special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party will receive a flat rate per one way flight in US Dollars for transportation per voucher for reservations in their inventory based on the itinerary and seat class. Each party will also receive a discount at a specified rate in the agreement. The amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House. Either party may terminate this agreement in the event of the other party's suspension of business, insolvency, or material breach of payment obligations or any other material condition of the agreement.
Termination	In addition, either party may terminate the agreement at any time upon 30 days' prior written notice.
Applicable Law and Jurisdiction	This agreement shall be governed by the laws of England and Wales, and any dispute shall be referred to the exclusive jurisdiction of the courts of England in London.

Source: The Company

D. Interline Agreement with Emirates Airlines

Table 13.67: Interline Agreement with Emirates Airlines

Agreement Title	Interline Agreement with Emirates Airlines
Parties	– The Company – Emirates Airlines
Date	21/05/1445H (corresponding to 05/12/2023G).
Agreement Duration and Renewal Mechanism	This agreement shall be effective from 21/05/1445H (corresponding to 05/12/2023G) and shall remain in effect until terminated by either party in accordance with the terms of the agreement.
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by making special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a flat rate per one way flight in US Dollars for its transportation per voucher for reservations made in its inventory based on the flight route and seat class. Each party will also receive a discount at a specified rate in the agreement. Amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House.
Termination	Either party may terminate the agreement upon the occurrence of any of the following: – a material breach of the agreement by the other party and failure to remedy such breach within 15 days; or – the dissolution, bankruptcy, liquidation or reorganization of the other party. In addition, either party may terminate the agreement at any time upon 30 days' prior written notice.
Applicable Law and Jurisdiction	This agreement shall be governed by the laws of England and Wales. Any dispute arising out of or in connection with the agreement shall be referred to the exclusive jurisdiction of the courts of England.

Source: The Company

E. Interline Agreement with Uzbekistan Airways

Table 13.68: Interline Agreement with Uzbekistan Airways

Agreement Title	Interline Agreement with Uzbekistan Airways
Parties	– The Company – Uzbekistan Airways
Date	22/09/1445H (corresponding to 01/04/2024G).
Agreement Duration and Renewal Mechanism	This agreement shall be effective from 22/09/1445H (corresponding to 01/04/2024G) and shall remain in effect until 04/12/1446H (corresponding to 31/03/2025G).
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by establishing special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a flat rate per one-way flight in US Dollars for transportation per voucher for reservations in their inventory based on the itinerary and seat class. Each party shall also receive a discount at a specified rate in the agreement. Amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House.
Termination	Either party may terminate the agreement in the following cases: – if the other party is unable to pay its debts when due; – if the other party ceases to own an airline; or – if the other party ceases to be a member of the IATA Clearing House. In addition, either party may terminate the agreement at any time upon 30 days' prior written notice.
Applicable Law and Jurisdiction	This agreement is governed by the laws of England. Any dispute arising out of or in connection with the agreement, if not amicably resolved within 30 days, shall be referred to the exclusive jurisdiction of the courts of England.

Source: The Company

F. Interline Agreement with Ethiopian Airlines

Table 13.69: Interline Agreement with Ethiopian Airlines

Agreement Title	Interline Agreement with Ethiopian Airlines
Parties	– The Company – Ethiopian Airlines
Date	24/11/1445H (corresponding to 01/06/2024G).
Agreement Duration and Renewal Mechanism	This agreement shall enter into effect on 24/11/1445H (corresponding to 01/06/2024G) and shall remain in effect until 04/12/1446H (corresponding to 31/05/2025G).
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by making special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a flat rate per one-way flight in US dollars for transportation per voucher for reservations in their inventory based on the itinerary and seat class. Each party shall also receive a discount at a specified rate in the agreement. Amounts due under this agreement will be settled through the International Air Transport Association (IATA) Clearing House.
Termination	Either party may terminate the agreement at any time upon 30 days' prior written notice.

Source: The Company

G. Interline Agreement with Airline 1

Table 13.70: Interline Agreement with Airline 1

Agreement Title	Interline Agreement with Airline 1
Parties	– The Company – Airline 1
Date	26/10/1444H (corresponding to 16/05/2023G)
Agreement Duration and Renewal Mechanism	This agreement shall enter into effect on 26/10/1444H (corresponding to 16/05/2023G) and shall remain in effect until 02/10/1446H (corresponding to 31/03/2025G).
Subject of Agreement	Under the agreement, both parties shall cooperate to facilitate the exchange of air passenger traffic by making special arrangements and terms in connection with passenger bookings on each other's flights.
Pricing and Adjustments	Each party shall receive a fixed rate per one-way flight in US Dollars for transportation per voucher for reservations made in their inventory based on the flight path and seat class. Each party will also receive a discount at a specified rate in the agreement. Amounts due under this agreement shall be settled through the International Air Transport Association (IATA) Clearing House.
Termination	Either party may terminate the agreement at any time upon 30 days' prior written notice.
Applicable Law and Jurisdiction	This agreement is governed by the laws of England. Any dispute arising out of or in connection with the agreement that is not resolved amicably shall be referred to the courts of England.

Source: The Company

13.4.14 Payment Gateway Services Agreements

The Company has entered into 7 payment gateway services agreements with a number of parties, pursuant to which such parties provide the Company with payment solutions for the Company's customers. The total revenue generated from payment gateway agreements amounted to SAR 1,917.7 million, SAR 3,415.1 million, SAR 4,048.6 million and SAR 3,533.5 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 71.7%, 71.0%, 63.6% and 60.0% of the Company's total revenue for the same periods, respectively. Below is a summary of the payment gateway services agreements entered into by the Company:

A. Payment Gateway Services Agreement with American Express Travel Services and American Express Payment Services Limited

Table 13.71: Payment Gateway Services Agreement with American Express Travel Services and American Express Payment Services Limited

Agreement Title	Payment Gateway Services Agreement with American Express Travel Services and American Express Payment Services Limited (hereinafter referred to collectively as "**American Express**")
Parties	– The Company – American Express
Date	26/04/1443H (corresponding to 01/12/2021G).
Agreement Duration and Renewal Mechanism	The term of the agreement is 5 years, commencing on 26/04/1443H (corresponding to 01/12/2021G), automatically renewable after the initial five-year period. The agreement shall remain in effect for successive one-year periods unless terminated by either party upon 180 days' notice prior to the end of the initial five-year term or subsequent terms.
Subject of Agreement	Under the agreement, the Company shall accept American Express cards as a means of payment for any air transport services and related services provided by the Company worldwide.
Pricing and Adjustments	The Company shall pay fees in consideration of the services provided by American Express as per the agreement. Certain fees shall also be imposed on the Company for failure to report violations, data security breaches and voice licensing services according to the agreement.
Termination	Either party shall have the right to terminate the agreement in any of the following cases: – if American Express transfers its rights and obligations under the agreement without the Company's consent; – if the Company engages in any activity that harms American Express' business or brand; or – if either party breaches any of its obligations under the agreement. American Express shall have the right to terminate the agreement if the Company undergoes a change in its control of more than 50% of the voting rights.
Applicable Law and Jurisdiction	The agreement is governed by the laws of the State of New York in the United States of America, and any disputes arising out of or related to the agreement that cannot be resolved through mediation procedures shall be referred to Judicial Arbitration and Mediation Services (JAMS) or the American Arbitration Association, as agreed between the parties.

Source: The Company

B. Payment Gateway Services Agreement with Banque Saudi Fransi

Table 13.72: Payment Gateway Services Agreement with Banque Saudi Fransi

Agreement Title	Payment Gateway Services Agreement with Banque Saudi Fransi
Parties	– The Company – Banque Saudi Fransi
Date	22/06/1443H (corresponding to 25/01/2022G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be two years, commencing on 22/06/1443H (corresponding to 25/01/2022G), automatically renewable for successive one-year periods.
Subject of Agreement	Under the agreement, Banque Saudi Fransi shall provide the Company with "Fransi-epay" electronic payment and processing services and shall accept all valid transactions issued by the Company for the purpose of providing the Company's customers with electronic payment solutions. In addition, pursuant to the agreement, Banque Saudi Fransi shall provide the Company with a statement showing all valid transactions for the previous month and the Company's account deposit in relation to each valid transaction, in addition to providing certificates which show that the specific transactions are in compliance with the laws and regulations.
Pricing and Adjustments	The Company shall pay fees in consideration of the services provided by Banque Saudi Fransi as per the agreement.
Termination	Banque Saudi Fransi shall have the right to terminate the agreement at any time by providing written notice of no less than 30 days to the Company. Banque Saudi Fransi shall also have the right to terminate the agreement in the following cases: – the Company's breach of any of its obligations under the agreement; – the Company's failure to comply with the Payment Card Industry Data Security Standards issued by the Payment Card Industry Security Standards Council or to maintain the relevant compliance certificate; – the Company's failure to address any data security breach; – the Company's failure to comply with any Visa, Mada or MasterCard programs applicable to its business; or – the Company's failure to pay its debts as they fall due.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

C. Payment Gateway Services Agreement with the Saudi Central Bank

Table 13.73: Payment Gateway Services Agreement with the Saudi Central Bank

Agreement Title	Payment Gateway Services Agreement with the Saudi Central Bank
Parties	– The Company – Saudi Central Bank
Date	17/02/1428H (corresponding to 07/03/2007G), assigned to the Company pursuant to a novation agreement entered into between the Company, NAS Holding Company and the Saudi Central Bank on 09/06/1441H (corresponding to 03/02/2020G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be one year, commencing on 09/06/1441H (corresponding to 03/02/2020G), automatically renewable for the same period unless either party terminates the agreement upon 3 months' prior written notice.
Subject of Agreement	Under the agreement, the Saudi Central Bank shall provide the Company with an electronic billing and payment system through the SADAD service for the purpose of providing the Company's customers with electronic payment solutions.
Pricing and Adjustments	The Company shall pay fees in consideration of the services provided by the Saudi Central Bank as per the agreement.
Material Obligations	The Company is obligated make payments if certain conditions are not met, as follows: – SAR 100,000 payable after the first year if the number of transactions does not reach 20,000 in the first year; and – SAR 100,000 payable after the second year if the number of transactions does not reach 20,000 in the first year.
Termination	Either party may terminate the agreement in accordance with the following: – if either party breaches its obligations under the agreement and fails to remedy such breach within 30 days; – if either party is summoned for the purpose of considering a resolution or any application for liquidation or dissolution, where such action is not withdrawn within 30 days; or – the failure of either party to pay its debts as they fall due.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom. Any dispute arising therefrom or in connection thereto shall be referred to the parties' authorized representatives. If not resolved by the parties' authorized representatives within 14 days, the dispute shall be referred to the general director of either party. If the dispute is not resolved by the general director of either party within 14 days, the dispute shall be referred to the CEO of the Company and the Deputy Governor of the Saudi Central Bank. If the dispute is not resolved by the CEO of the Company and the Deputy Governor of the Saudi Central Bank within 28 days, the dispute shall be finally settled by the Board of Grievances in the Kingdom.

Source: The Company

D. Payment Gateway Services Agreement with PayPal PTE. Ltd.

Table 13.74: Payment Gateway Services Agreement with PayPal PTE. Ltd.

Agreement Title	Payment Gateway Services Agreement with PayPal PTE Ltd. (hereinafter referred to as "**PayPal**")
Parties	– The Company – PayPal
Date	23/09/1440H (corresponding to 27/05/2019G), as amended on 24/09/1440H (corresponding to 29/05/2019G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be effective from 24/09/1440H (corresponding to 29/05/2019G) and shall continue for an indefinite period unless terminated in accordance with the terms and conditions of the agreement.
Subject of Agreement	Under the agreement, PayPal shall provide the Company with electronic payment solutions through its PayPal service through the integration thereof into the Company's website for the purpose of providing the Company's customers with electronic payment solutions.
Pricing and Adjustments	The Company shall pay fees in consideration of the services provided by PayPal as per the agreement.
Material Obligations	Under the agreement, the Company shall provide PayPal with 30 days' prior written notice of any material change in the control of the Company amounting to 10% of the voting rights in the Company.
Termination	PayPal shall have the right to terminate the agreement at any time upon 30 days' prior written notice. In addition, the Company may terminate the agreement at any time upon 60 days' prior written notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England, and the courts in England shall have non-exclusive jurisdiction over any dispute arising out of it.

Source: The Company

E. Payment Gateway Services Agreement with Saudi Awwal Bank

Table 13.75: Payment Gateway Services Agreement with Saudi Awwal Bank

Agreement Title	Payment Gateway Services Agreement with Saudi Awwal Bank (hereinafter referred to as "**SAB**")
Parties	– The Company – SAB
Date	20/03/1430H (corresponding to 17/03/2009G), as amended on 03/12/1436H (corresponding to 16/09/2015G) and assigned to the Company under a novation agreement entered into between the Company, NAS Holding Company and SAB on 14/05/1441H (corresponding to 09/01/2020G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be two years, commencing on 20/03/1430H (corresponding to 17/03/2009G), automatically renewable for the same period unless either party terminates the agreement upon 90 days' prior written notice.
Subject of Agreement	Under the agreement, SAB shall provide the Company with electronic payment solutions for the purchase of purchase products from the Company's website using a SAB bank card for the purpose of providing the Company's customers with electronic payment solutions.
Pricing and Adjustments	The Company shall pay fees for the services provided by SAB in accordance with the terms of the agreement.
Termination	Either party may terminate the agreement in accordance with the following: if either party materially breaches any of its obligations under the agreement and fails to remedy such breach within 10 days of receipt of written notice from the terminating party; the amount of chargebacks, credits, client disputes or complaints of the Company reaches a level that SAB in its sole discretion considers detrimental; if SAB determines that the conduct of the Company or any of its subsidiaries is questionable; or the Company's direct or indirect engagement in any unlawful activities.

Source: The Company

F. Payment Gateway Services Agreement with Nakhla Information Systems Technology Company

Table 13.76: Payment Gateway Services Agreement with Nakhla Information Systems Technology Company

Agreement Title	Payment Gateway Services Agreement with Nakhla Information Systems Technology Company (hereinafter referred to as "**Tamara**")
Parties	– The Company – Tamara Company
Date	28/04/1445H (corresponding to 12/11/2023G).
Agreement Duration and Renewal Mechanism	The term of the agreement is two years, commencing on 28/04/1445H (corresponding to 12/11/2023G).
Subject of Agreement	Tamara shall provide the Company's customers with financing options to purchase tickets for the Company's flights.
Pricing and Adjustments	The Company shall pay fees in consideration of the services in accordance with the terms of the agreement.
Termination	Either party shall have the right to terminate the agreement at any time upon 60 days' prior written notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

G. Payment Gateway Services Agreement with Tabby Saudi for Communication and IT LLC

Table 13.77: Payment Gateway Services Agreement with Tabby Saudi for Communication and IT LLC

Agreement Title	Payment Gateway Services Agreement with Tabby Saudi for Communications and IT LLC (hereinafter referred to as "**Tabby**")
Parties	– The Company – Tabby Company
Date	15/01/1445H (corresponding to 02/08/2023G).
Agreement Duration and Renewal Mechanism	The term of the agreement is one year, commencing on 15/01/1445H (corresponding to 02/08/2023G), automatically renewable for a similar term unless either party notifies the other of its desire not to renew 30 days prior to the expiry of the agreement.
Subject of Agreement	Under the agreement, Tabby shall provide the Company with installment payment services for travelers on the Company's flights.
Pricing and Adjustments	The Company shall pay fees for the services in accordance with the terms of the agreement.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

13.4.15 Travel Agency Agreement with a Number of Travel Agencies

The Company enters into agreements with travel agencies based on standardized templates, wherein the Company appoints agents in various regions to operate the Company's business in those regions and allocates a marketing and advertising budget of 15% of the agreed annual base commission to be spent on selling and promoting the Company's air transportation services. These sales and promotion services are offered through the dedicated offices of travel agencies. The total revenue generated from travel agency agreements entered into with a number of travel agencies amounted to SAR 245.8 million, SAR 538.3 million, SAR 763.9 million and SAR 720.2 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 9.2%, 11.2%, 12.0% and 12.2% of the total revenue for the same periods, respectively.

The Travel Agency Agreement templates are valid for 1 to 3 calendar years, and shall be automatically renewed for similar periods unless either party terminates the Agreement.

The Company pays the commission payable to travel agencies in the amount of 2% to 5% of the base price of air tickets and air transportation booked through travel agencies.

The Company may terminate the Travel Agency Agreements in the following cases:

- the travel agency's violation of any of the terms and conditions of the Travel Agency Agreements; or
- if the Company does not receive sales reports and remittances from a travel agency on their due dates in accordance with the Travel Agency Agreements.

Either party may terminate the Travel Agency Agreements at any time without cause upon 30 to 60 days' prior written notice.

Under the Travel Agency Agreements, the Company shall indemnify and hold harmless the travel agencies from and against any and all claims, fines, and costs arising out of or in connection with the Company's gross negligence or willful misconduct in the performance of its obligations under the Travel Agency Agreements.

The Travel Agency Agreements are subject to the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to arbitration in accordance with the arbitration rules in the Kingdom.

As of the date of this Prospectus, the Company has entered into 22 agreements with a number of travel agencies as listed below:

Table 13.78: Travel Agency Agreements Pursuant to the Travel Agency Agreement Entered into with a Number of Travel Agencies

#	Parties	Effective Date	Location of Operations and Registered Office
1.	The Company and ERA Travel	26/06/1441H (corresponding to 20/02/2020G)	Albania
2.	The Company and Kazar Travel	29/08/1439H (corresponding to 15/05/2018G)	Azerbaijan
3.	The Company and Bosnia Travel d.o.o.	04/08/1440H (corresponding to 09/04/2019G)	Bosnia and Herzegovina
4.	The Company and Afro Alliance Private Limited	14/09/1439H (corresponding to 29/05/2018G)	India
5.	The Company and Maltrans Travel, Tourism, Hajj & Umrah	21/08/1436H (corresponding to 08/06/2015G)	Jordan
6.	The Company and Malek International Group	26/12/1435H (corresponding to 20/10/2014G)	Kuwait
7.	The Company and eTravel S.A.L.	05/08/1438H (corresponding to 01/05/2017G)	Lebanon
8.	The Company and Asian Gulf Travel	14/07/1441H (corresponding to 09/03/2020G)	Oman
9.	The Company and Bukhari Sialkot Travel	04/05/1439H (corresponding to 21/01/2018G)	Pakistan
10.	The Company and Evans Travel & Tourism	13/01/1442H (corresponding to 01/09/2020G)	Qatar
11.	The Company and Nebras Travel Agency	03/04/1438H (corresponding to 01/01/2017G)	Sudan
12.	The Company and Hagia Sophia	22/01/1444H (corresponding to 20/08/2022G)	Turkey
13.	The Company and Sharjah Airport Travel Agency	25/04/1440H (corresponding to 01/01/2019G)	UAE
14.	The Company and B2 Resort Management	05/02/1444H (corresponding to 01/09/2022G)	Republic of Uzbekistan
15.	The Company and Airline Representation Group LLC	02/01/1438H (corresponding to 03/10/2016G)	Georgia
16.	The Company and Alhikmah Travel	26/03/1444H (corresponding to 22/10/2022G)	Republic of Kazakhstan
17.	The Company and Khoshnaw Group	05/08/1438H (corresponding to 01/05/2017G)	Iraq
18.	The Company and Gold Star Aviation Ltd	29/08/1439H (corresponding to 15/05/2018G)	Greece
19.	The Company and World Avenues Logistics	13/06/1440H (corresponding to 18/02/2019G)	Egypt
20.	The Company and AVIAREPS	09/03/1445H (corresponding to 24/09/2023G)	Belgium
21.	The Company and Ukrainian Arab Company	15/10/1442H (corresponding to 27/05/2021G)	Republic of Ukraine
22.	The Company and APG Air Solutions LLC	22/12/1442H (corresponding to 01/08/2021G)	Republic of Uzbekistan

Source: Company's information

13.4.16 Manpower Supply Agreements

The Company has entered into four 4 agreements with a number of parties, under which the Company entrusts third parties with the provision of manpower in connection with airport operations. The total costs resulting from manpower supply agreements amounted to SAR 23.5 million, SAR 22.3 million, SAR 30.1 million and SAR 29.3 million for the financial years ended 31 December 2021G, 2022G, and 2023G and the nine-month period ended 30 September 2024G, respectively, representing 0.9%, 0.5%, 0.5% and 0.5% of the total costs for the same periods, respectively. Below is a summary of manpower agreements entered into by the Company:

A. Manpower Supply Agreement with Future Vision

Table 13.79: Manpower Supply Agreement with Future Vision

Agreement Title	Manpower Supply Agreement with Future Vision
Parties	– The Company – Future Vision
Date	02/08/1440H (corresponding to 07/04/2019G).
Agreement Duration and Renewal Mechanism	The term of the agreement is two years, commencing on 30/08/1440H (corresponding to 05/05/2019G), automatically renewable for a similar term unless terminated in advance by one of the parties.
Subject of Agreement	Future Vision is committed under the agreement to provide the Company with manpower services in connection with wheelchair operations at King Khalid International Airport.
Pricing and Adjustments	The Company shall pay fees for the services provided by Future Vision as per the agreement.
Termination	Either party shall have the right to terminate the agreement at any time upon a minimum of 30 days' prior written notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom.

Source: The Company

B. Manpower Supply Agreement with Future Harvest Contracting Establishment (First)

Table 13.80: Manpower Supply Agreement with Future Harvest Contracting Establishment (First)

Agreement Title	Manpower Supply Agreement with Future Harvest Contracting Establishment (First)
Parties	– The Company – Future Harvest Contracting Establishment
Date	23/11/1438H (corresponding to 15/08/2017G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be one year, commencing on 06/05/1441H (corresponding to 01/01/2020G), renewable by the Company upon one month's prior written notice.
Subject of Agreement	Under the agreement, Future Harvest Contracting Establishment shall provide the Company with operation, cleaning and maintenance services at sites selected by the Company.
Pricing and Adjustments	The Company shall pay fees for the services provided by Future Harvest Contracting Establishment as per the agreement.
Termination	The Company shall have the right to terminate the agreement in the following cases: – at any time upon one month's prior written notice; or – if Future Harvest Contracting Establishment reduces the number of workers agreed upon under the agreement. Future Harvest Contracting Establishment shall have the right to terminate the agreement if the Company does not pay the amounts agreed upon under the agreement when due.
Applicable Law and Jurisdiction	The agreement is governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom if it is not resolved amicably within 30 days.

Source: The Company

C. Manpower Supply Agreement with Future Harvest Contracting Establishment (Second)

Table 13.81: Manpower Supply Agreement with Future Harvest Contracting Establishment (Second)

Agreement Title	Manpower Supply Agreement with Future Harvest Contracting Establishment (Second)
Parties	– The Company – Future Harvest Contracting Establishment
Date	24/06/1439H (corresponding to 12/03/2018G).
Agreement Duration and Renewal Mechanism	The term of the agreement is one year, commencing on 13/04/1439H (corresponding to 31/12/2017G), and shall renew automatically.
Subject of Agreement	Under the agreement, Future Harvest Contracting Establishment shall provide the Company with operation, cleaning and maintenance services at sites selected by the Company.
Pricing and Adjustments	The Company shall pay fees for the services provided by Future Harvest Contracting Establishment as per the agreement. Either party shall have the right to terminate the agreement at any time upon a minimum of 30 days' prior written notice.
Applicable Law and Jurisdiction	The agreement is governed by the laws and regulations in force in the Kingdom, and any dispute arising therefrom shall be referred to the competent courts in the Kingdom if it is not resolved amicably within 30 days.

Source: The Company

D. Manpower Supply Agreement with Libanet KSA LTD

Table 13.82: Manpower Supply Agreement with Libanet KSA LTD

Agreement Title	Manpower Supply Agreement with Libanet KSA Limited (hereinafter referred to as "**Libanet**")
Parties	– The Company – Libanet
Date	28/07/1443H (corresponding to 01/03/2022G), as amended on 08/06/1444H (corresponding to 01/01/2023G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be two months, starting on 08/06/1444H (corresponding to 01/01/2023G), and it shall be renewed by agreement of the parties.
Subject of Agreement	Under the agreement, Libanet shall provide the Company with runway drivers and cleaning and maintenance services at the Company's headquarters in Riyadh, King Khalid International Airport, King Fahd International Airport, and King Abdulaziz International Airport. The Company shall also provide operation, cleaning and maintenance services at sites selected by the Company.
Pricing and Adjustments	The Company shall pay a monthly amount for the services it provides as per the agreement.

Source: The Company

13.4.17 Information Systems Technology Agreements

The Company has entered into two agreements with a number of parties, under which the Company obtains various services and products from third parties in connection with its operations. The total costs resulting from information systems technology agreements amounted to SAR 31.1 million, SAR 43.0 million, SAR 58.1 million and SAR 65.3 million for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ending 30 September 2024G, respectively, representing 1.2%, 0.9%, 1.0% and 1.1% of total costs for the same periods, respectively. Below is a summary of the information systems technology agreements entered into by the Company:

A. Travel Solutions Communications Services Agreement with SITA

Table 13.83: Travel Solutions Communications Services Agreement with SITA

Agreement Title	Travel Solutions Communications Services Agreement with SITA
Parties	– The Company – Societe Internationale de Telecommunications Aeronautiques (SITA)
Date	02/12/1441H (corresponding to 23/07/2020G).
Subject of Agreement	Under the agreement, SITA shall provide the Company with services relating to the following: (1) an application for sending, receiving and managing the messaging standard set by the International Air Transport Association (SITATEX IP); (2) an application for sending, receiving and managing the messaging standard set by the International Air Transport Association and the Extensible Markup Language-based messaging standard set by the International Air Transport Association (SITATEX Online); (3) a message storage and forwarding service that will enable the Company to exchange electronic messages with business partners worldwide (Type B Service); and (4) a solution to enable the Company to exchange messages with the air traffic control messaging network in connection with flight operations (ATS Messaging Service).
Pricing and Adjustments	The Company shall pay fees to SITA for the services provided as stipulated in the agreement.
Termination	Either party shall have the right to terminate the agreement by providing prior notice in the following cases: – if either party commits a material breach of any of the provisions of the Agreement; or – the insolvency of either party. SITA shall have the right to terminate the agreement by providing prior notice in the following cases: – failure by the Company to pay any fees under the agreement when due; or – if the Company becomes a member of the SITA group of companies. In addition, either party may terminate the agreement at any time upon 3 months' prior notice.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws of England and Wales, and any dispute arising therefrom that is not settled through negotiation shall be referred to arbitration in accordance with the arbitration rules of the International Chamber of Commerce.

Source: The Company

B. Hosted Services Agreement with Navitaire

Table 13.84: Hosted Services Agreement with Navitaire

Agreement Title	Hosted Services Agreement with Navitaire Hosted agreements are agreements for the provision of cloud services related to licensed software, software as a service, or other internet-based services.
Parties	– The Company – Navitaire
Date	09/03/1427H (corresponding to 08/04/2006G), as amended on 03/04/1438H (corresponding to 01/01/2017G).
Subject of Agreement	Under this agreement, Navitaire shall provide services and support functions related to hosted reservations, hosted revenue management, hosted network and hosted revenue (for further information regarding the Navitaire system, please see Section 4.78 "**Information Technology (IT) Systems**" of this Prospectus).
Pricing and Adjustments	The Company shall pay fees for the services provided by Navitaire in accordance with the terms of the agreement. Navitaire may increase the service fees due from the Company in respect of any renewal term upon the provision of 90 days' written notice to the Company of such increase; otherwise, the terms of this agreement and the minimum monthly guarantees for the segment which were applicable to the final year of the initial term shall apply to each renewal term.
Material Obligations	The Company must notify Navitaire in the event that the Company engages in a transaction that would materially affect or change its control or ownership.
Termination	In the event that Navitaire ceases to invest in hosted reservations services, the Company shall have the right, after the fifth anniversary of the effective date of the agreement, to terminate the agreement at any time upon providing 12 months' prior written notice. – The Hosted Services Agreement may be terminated in the following cases: – the parties may terminate the agreement in the event of a material breach by the other party upon providing 60 days' prior written notice; – Navitaire may terminate the agreement if the Company fails to pay any amounts due upon providing 30 days' prior written notice; or – both parties may terminate the agreement in the event of the other party's bankruptcy or insolvency.
Applicable Law and Jurisdiction	The agreement is governed by the laws of the State of New York. Any dispute arising out of or in connection with this agreement that is not resolved by the parties' designated representatives or Navitaire's Vice President within 30 days in each case shall be referred to arbitration in accordance with the ICC Arbitration Rules.

Source: The Company

13.4.18 Freight Management Agreement with Specialist Air Cargo Management Company

The Company entered into a cargo management agreement with Specialist Air Cargo Management Company, under which the Company appoints Specialist Air Cargo Management Company to manage its outbound air cargo operations on an exclusive basis.

Below is a summary of the key terms of the cargo management agreement with Specialist Air Cargo Management.

Table 13.85: Freight Management Agreement with Specialist Air Cargo Management Company

Agreement Title	Freight Management Agreement with Specialist Air Cargo Management Company
Parties	– The Company – Specialist Air Cargo Management Company
Date	19/09/1442H (corresponding to 01/05/2021G), as amended on 11/10/1444H (corresponding to 01/05/2023G).
Agreement Duration and Renewal Mechanism	This agreement is effective from 19/09/1442H (corresponding to 01/05/2021G) and shall remain valid until 11/07/1447H (corresponding to 31/12/2025G).
Subject of Agreement	Pursuant to the agreement, the Company shall authorize Specialist Air Cargo Management Company to exclusively manage all of its outsourced air cargo activities on a full cargo management basis under the Specialist Air Cargo Management Company brand name and at its full discretion. The services provided by the Company to Specialist Air Cargo Management Company under the Cargo Management Agreement consist of executing sales activities worldwide, as well as contracting and negotiating for all related warehouse handling services, security and other related services, revenue accounting, preparing detailed financial reports, handling comprehensive claims including final settlement at its own expense, providing appropriate independent IT services and conducting operational audits.

Pricing and Adjustments	For the services provided by the Company, Specialist Air Cargo Management Company shall pay remuneration in line with the schedule agreed upon under the agreement. This compensation covers all the Company's activities necessary to fulfill its duties and obligations, including ramp handling and transportation of ground cargo between agreed points at the airports. Specialist Air Cargo Management Company shall bear all the costs of ground-side cargo handling activities at origin, transit and destination.
Termination	Either party may terminate the Cargo Management Agreement in the following cases: – if any material breach is not remedied within 15 days by either party; or – the insolvency or bankruptcy of either party.
Applicable Law and Jurisdiction	This agreement is governed by the laws of England. Any dispute arising out of or in connection with the agreement shall be referred to the courts of England.

Source: The Company

13.4.19 Application Programming Interface (API) Agreement with Almosafer International Travel and Tourism Company

The Company entered into an API agreement with Almosafer International Travel and Tourism Company (hereinafter referred to as "**Almosafer**"), whereby the Company grants Almosafer access to the Navitaire API, allowing Almosafer to interact with the Company's booking system to inquire about prices and schedules and/or make passenger bookings.

Below is a summary of the key terms of the API agreement with Almosafer.

Table 13.86: API Agreement with Almosafer International Travel and Tourism Company

Agreement Title	API Agreement with Almosafer
Parties	– The Company – Almosafer
Date	10/11/1442H (corresponding to 20/06/2021G), as amended on 06/09/1444H (corresponding to 28/03/2023G).
Agreement Duration and Renewal Mechanism	The term of the agreement shall be one year, commencing on 14/12/1445H (corresponding to 20/06/2024G), automatically renewable for the same period unless either party terminates the agreement in accordance with the terms thereof.
Subject of Agreement	Under the agreement, the Company shall grant Almosafer access to the Navitaire API as a means for Almosafer to interact with the Company's booking system to inquire about prices and schedules and/or make passenger bookings (for further information regarding the Navitaire system, please see Section 4.7.8 "**Information Technology (IT) Systems**" of this Prospectus).
Pricing and Adjustments	The Company shall pay commissions to Almosafer for bookings made through Almosafer. In addition to the booking commission, Almosafer may charge additional service fees, which are not specified in the agreement.
Termination	After the initial term of the agreement has expired, the Company may terminate the agreement at any time. Both parties have the right to terminate the agreement upon prior written notice in the event of any of the following cases: – a material breach by the other party, upon providing 30 days' prior written notice; – if either party ceases to perform its duties in connection with the agreement; or – the insolvency of either party.
Applicable Law and Jurisdiction	The agreement shall be governed by the laws and regulations in force in the Kingdom. In the event any dispute is not resolved between the parties within 30 days, the Company reserves the right to terminate the agreement.

Source: The Company

13.5 Financing Agreements

The Company has entered into 9 financing agreements with a number of financing entities and commercial banks. The total facilities granted to the Company amount to SAR 4,611,750,000. SAR 2,053,587,980 of the financing agreements have been utilized as of 30 September 2024G. Below is a summary of the Company's financing agreements:

A. Murabaha Agreement with BSF

Table 13.87: Murabaha Agreement with BSF

Parties	The Company and BSF.
Date	15/07/1443H (corresponding to 16/02/2022G).
Type of Financing	Murabaha financing of SAR 843,750,000, with the possibility of an increase to SAR 2,250,000,000 under a facility increase agreement until 12/10/1447H (corresponding to 31/03/2026G).
Total Financing	SAR 843,750,000; increasable to SAR 2,250,000,000.
Amounts Utilized as of 30 September 2024G	SAR 428,520,625
Term	Until 12/10/1447H (corresponding to 31/03/2026G).
Purpose	The purpose of these facilities is to cover any fees associated with transaction documents, to make any advance payments related to aircraft engines, maintenance, working capital requirements, and capital expenditure requirements, and/or to fund a debt service reserve account as per the Account Pledge Agreement. At the Company's request, Banque Saudi Fransi shall also purchase certain commodities from a broker and sells them with deferred payment terms. Such commodities consist of (1) Sharia-compliant London Metal Exchange commodities; (2) Sharia-compliant Platinum Group Metals commodities; and (3) other Sharia-compliant commodities.
Guarantees	– Mortgaging the receivables of the material contracts entered into between the Company and BSF dated 15/07/1443H (corresponding to 16/02/2022G) in favor of BSF. – Account Pledge Agreement.
Termination and Events of Default	BSF shall have the right to immediately terminate the Murabaha Agreement and request payment of the amounts due by the Company in the following cases: – if the Company fails to pay, when due, any promissory note or amount payable under the Master Murabaha Agreement, including payment due or required by applicable law through a judgment; – if the Company breaches any of the financial covenants under the Master Murabaha Agreement; – if the Company commits any breach that, in the opinion of BSF, could have been rectified within 15 days of notice to BSF; – any event of default where the Company declares the indebtedness for unpaid amounts due to any person or if the Company declares its indebtedness on the due date; – a moratorium is declared or comes into effect de facto in respect of any financial indebtedness of the Company or the Company declares a general moratorium on the payment or principal or interest of its financial indebtedness; – any material misrepresentation or false information contained in the promissory notes, any security, or any certificate issued by the Company; – if the Company goes bankrupt, becomes insolvent or suspends its business; – it becomes unlawful for the Company to perform its obligations or if the Company repudiates or intends to repudiate any transaction; or – any confiscation, seizure, isolation, distress or execution affecting any assets of the Company which is not discharged within 30 days.
Material Restrictions	The Company may not declare or pay any dividends, participation premium reserves, fees or any other distribution in relation to its share capital or repay any of its share capital without the prior approval of BSF. If there is a change in control of more than half of the share capital as a result of the Company's Offering for public subscription, the Company shall notify BSF, and in such case: – BSF shall not be obliged to finance the purchase price related to any Murabaha Contract; and – BSF shall cancel its obligation and declare all amounts owed under the Master Murabaha Agreement due and payable. For the purposes of the above, "change in control" means a change in combined beneficial ownership (whether direct or indirect) of Prince Alwaleed bin Talal bin Abdulaziz Al Saud and Prince Khalid bin Sultan bin Abdulaziz Al Saud to less than 51% of the Company's share capital and voting rights. None of the following shall be regarded as a change in control: – an initial public offering, provided that Prince Alwaleed bin Talal bin Abdulaziz Al Saud and Prince Khalid bin Sultan bin Abdulaziz Al Saud together retain (whether directly or indirectly) beneficial ownership of no less than 30% of the Company's share capital and voting rights at all times after the IPO, and no persons acting in agreement acquires ownership equal to or greater than 51% of the Company's share capital and voting rights; and/or – the acquisition of shares in the Company by the Government of the Kingdom of Saudi Arabia, provided that no misrepresentation occurs at any time after such acquisition in accordance with the agreement and no event of default occurs under the agreement.

Source: Company's information

B. Facility Agreement with BSF

Table 13.88: Facility Agreement with BSF

Parties	The Company and BSF.
Date	30/11/1443H (corresponding to 29/06/2022G), and as amended on 13/08/1444H (corresponding to 05/03/2023G), 13/02/1445H (corresponding to 29/08/2023G) and 16/03/1445H (corresponding to 01/10/2023G).
Type of Financing	Banking facilities in the amount of SAR 716,625,000.
Total Financing	SAR 716,625,000.
Amounts Utilized as of 30 September 2024G	SAR 318,332,081.
Term	– Tawarruq financing with a total limit of SAR 604,625,000 for the purpose of covering short-term working capital requirements or advance payments to suppliers which will be provided until 28/03/1446H (corresponding to 31/09/2024G). – Islamic Payment Guarantees Facility with a total limit of SAR 100,000,000 for the purpose of financing pilgrims carrying out air transportation operations from Nigeria during the Hajj season, to be made available until 28/03/1446H (corresponding to 31/09/2024G). – Islamic Interest Rate Swap Facility with an aggregate limit of SAR 12,000,000 for the purpose of financing the treasury product, available until 12/10/1447H (corresponding to 31/03/2026G).
Purpose	– Tawarruq Financing for the purpose of covering short-term working capital requirements or advance payments to suppliers. – Islamic Payment Guarantees Facility for the purpose of financing pilgrims carrying out air transportation operations from Nigeria during the Hajj season. – Islamic Interest Rate Swap Facility for the purpose of financing treasury products until 12/10/1447H (corresponding to 31/03/2026G).
Guarantees	A promissory note in the amount of SAR 716,625,000.
Material Restrictions	No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of BSF.

Source: Company's information

C. Loan Contract with the Saudi Industrial Development Fund

Table 13.89: Loan Contract with the Saudi Industrial Development Fund

Parties	The Company and Saudi Industrial Development Fund.
Date	02/04/1444H (corresponding to 27/10/2022G).
Type of Financing	A loan of SAR 164,500,000.
Total Financing	SAR 164,500,000.
Amounts Utilized as of 30 September 2024G	SAR 164,500,000.
Term	Available until 05/07/1444H (corresponding to 27/01/2023G). The loan shall be repaid in four installments: (1) SAR 20,000,000 one year after signing the agreement; (2) SAR 20,000,000 six months after the due date of the first installment; (3) SAR 62,250,000 six months after the due date of the second installment; and (4) SAR 62,250,000 six months after the due date of the third installment.
Purpose	Financing working capital.
Guarantees	A promissory note for the purpose of the Company paying the total loan amount of SAR 164,500,000 according to the form referred to in Annex A to the Contract.
Termination and Events of Default	The Development Fund shall have the right to terminate the Facility Agreement immediately and require payment of the amounts due by the Company in the following cases: – if the Company fails to pay, when due, any promissory note or amount payable under the Master Murabaha Agreement, including payment due or required by applicable law through a judgment; – if the Company breaches any of the financial covenants under the Master Murabaha Agreement; – if the Company commits any breach that, in the opinion of the Development Fund, could have been rectified within thirty (30) days from the Development Fund's notice of the rectification; – any material misrepresentation or false information contained in the promissory notes, any security, or any certificate issued by the Company; – if the Company becomes bankrupt or insolvent, makes general assignments in favor of creditors, ceases to be a partner without the approval of the Development Fund, or fails to acknowledge in writing its inability to pay the debts when due; and/or – the Company fails to provide sufficient evidence, to the satisfaction of the Development Fund, that it has used the loan for the intended purpose within 6 months from the date of first disbursement.

Material Restrictions	No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of the Development Fund. The Company undertakes not to distribute any dividends until the full amount of the financing is repaid without obtaining the prior written approval of the Development Fund. The Company also undertakes, when offering any of its shares for subscription, that the proceeds of the Offering will be used to repay the loan and its dues.

Source: Company's information

D. Facility Agreement with Saudi Awwal Bank

Table 13.90: Facility Agreement with Saudi Awwal Bank

Parties	The Company and Saudi Awwal Bank.
Date	17/12/1444H (corresponding to 05/07/2023G), as amended on 04/05/1446H (corresponding to 06/11/2024G).
Type of Financing	– Standby Letter of Credit Facility in the amount of SAR 93,750,000. – Letter of Guarantee Facility in the amount of SAR 93,750,000. – Letter of Guarantee Facility in the amount of SAR 93,750,000. – Hedging Facility in the amount of SAR 1,875,000.
Total Financing	SAR 95,625,000.
Amounts Utilized as of 30 September 2024G	SAR 61,261,350.
Term	– Until 14/05/1447H (corresponding to 05/11/2025G). – Standby Letter of Credit Facility for the purpose of dry leasing requirements for aircraft up to one year from the date of the offer letter. – Letter of Bid Bond, Performance Bond and Advance Payment Guarantee Facility for the purpose of securing contracts related to the Company's activities up to one year from the date of the offer letter. – Miscellaneous Letters of Guarantee Facility for models not conforming to the bank's models and securing contracts related to the Company's activities up to one year from the date of the offer letter. – Hedging Facility for the purpose of entering into Sharia-compliant foreign exchange contracts (on a spot basis) up to one year from the date of the offer letter.
Purpose	– Standby Letter of Credit Facility for the purpose of the requirements of the non-full lease of services. – Letter of Bid Bond, Performance Bond and Advance Payment Guarantee Facility for the purpose of securing contracts related to the Company's activities. – Miscellaneous Letters of Guarantee Facility for models not conforming to the bank's models and securing contracts related to the Company's activities. – Hedging Facility to enter into Sharia-compliant exchange contracts.
Guarantees	– A promissory note in the amount of SAR 95,625,000, provided by the Company in favor of Saudi Awwal Bank. – General Terms and Conditions Agreement entered into between the Company and Saudi Awwal Bank pursuant to this agreement. – Resolution of the partners or the Board of Directors accepting the facilities and authorizing individuals to sign the guarantee documents on behalf of the Company. – An authorization letter specifying the names of individuals authorized to execute treasury product transaction contracts with Saudi Awwal Bank and the respective limits of their powers in connection therewith.
Termination and Events of Default	Saudi Awwal Bank shall have the right to terminate the Facility Agreement immediately and request payment of the amounts due by the Company in the event: – the Company fails to pay any amount due under a financing document on the relevant due date; – the Company breaches any of its obligations under any financing document which, in the Bank's opinion, is remediable and the Company shall be deemed to be in breach of its obligations if it is unable to rectify the breach within 10 business days of receiving notice from Saudi Awwal Bank of such breach; – an incorrect statement is provided either in the form of a pledge, guarantee or statement by the customer under any financing document; – any reciprocal breach in which the Company declares any indebtedness for unpaid amounts to any person or if the Company declares its indebtedness on the due date of such amount; – a mortgage is placed on any of the Company's assets or any creditor acquiring any assets from the Company; – insolvency or rescheduling of the payment schedule for the amounts due; – the occurrence of any event which, in the opinion of Saudi Awwal Bank, is expected or is reasonably foreseeable to have a material adverse effect; or – defaults relating to the Receivables Bonds Facility and the Bills Receivables Facility. In case of the occurrence of any of the above events, Saudi Awwal Bank shall also have the right to enforce any guarantees held by it, take any action under the law, require the Company to increase the cash margin to an amount equal to its liabilities, and/or enforce any accepted invoices to recover an amount equal to the liabilities (in relation to the Bills and Receivables Facility).
Material Restrictions	No change in the legal description or ownership structure of the Company may be made without obtaining the prior written consent of Saudi Awwal Bank.

Source: Company's information

E. Facility Agreement with Bank AlJazira

Table 13.91: Facility Agreement with Bank AlJazira

Parties	The Company and Bank AlJazira
Date	29/12/1444H (corresponding to 17/07/2023G), as amended on 01/02/1446H (corresponding to 05/08/2024G).
Type of Financing	– Foreign exchange facilities (major currencies) (SPOT) and/or for dealing with various treasury products at Bank AlJazira in the amount of SAR 23,000,000. – Standby documentary credit facilities in the amount of SAR 200,000,000.
Total Financing	SAR 223,000,000.
Amounts Used as of 30 September 2024G	SAR 92,192,513
Term	Until 03/02/1448H (corresponding to 17/07/2026G)
Purpose	Financing the Company's operations.
Guarantees	– A promissory note in the amount of SAR 245,300,000. – The General Terms and Conditions Agreement entered into between the Company and Bank AlJazira pursuant to this agreement. – Master Hedging Agreement of the International Swaps and Derivatives Association/International Islamic Financial Market. – Letter of Undertaking and Indemnity.
Termination and Events of Default	Bank AlJazira shall have the right to terminate the facility agreement immediately and request payment of the amounts due by the Company in the following cases: – if the Company is unable to fulfill any or all of the amounts due; – if the Company is unable to implement any of the terms of the agreement; – if it becomes apparent that any of the information provided by the client to the first party before or after signing this agreement is incorrect; – if the Company delays using all or some of the facilities within the usage period specified by the bank; or – if it appears to the Bank that the Company has breached any of the terms of the credit facilities and the financial undertakings contracted with any bank and/or financial institution inside or outside the Kingdom, potentially affecting the payment of the amounts due under the Bank AlJazira facilities agreement.
Material Restrictions	No change may be made to the legal form or ownership structure of the Company without obtaining the prior written approval of Bank AlJazira.

Source: Company's information

F. Facility Agreement with Emirates NBD

Table 13.92: Facility Agreement with Emirates NBD

Parties	The Company and Emirates NBD.
Date	20/04/1446H (corresponding to 23/10/2024G).
Type of Financing	Standby Letter of Credit in the amount of SAR 260,000,000.
Total Financing	SAR 260,000,000.
Amounts Utilized as of 30 September 2024G	SAR 256,702,649.
Term	Until 01/05/1447H (corresponding to 22/10/2025G).
Purpose	Financing working capital.
Guarantees	A promissory note in the amount of SAR 260,000,000.
Termination and Events of Default	Emirates NBD shall have the right to terminate the Facility Agreement immediately and request payment of the amounts due by the Company in the event: – the Company fails to pay any amount due under a financing document on the relevant due date; – the Company breaches any of its obligations under any financing document which, in the Bank's opinion, is remediable and the Company shall be deemed to be in breach of its obligations if it is unable to rectify the breach within 7 business days of receiving notice from Emirates NBD of such breach; – an incorrect statement is provided either in the form of a pledge, guarantee or statement by the customer under any financing document; – any reciprocal breach in which the Company declares any indebtedness for unpaid amounts to any person or if the Company declares its indebtedness on the due date of such amount; – a mortgage is placed on any of the Company's assets or any creditor acquires any assets from the Company; – bankruptcy or insolvency; – the occurrence of any event which, in the opinion of Emirates NBD, is expected or is reasonably foreseeable to have a material adverse effect; or – defaults relating to the Receivables Bonds Facility and the Bills Receivables Facility. In case of the occurrence of any of the above events, Emirates NBD shall have the right to immediately cancel the available facilities, and all amounts shall become due and payable. Emirates NBD shall also have the right to enforce the guarantees and demand full payment of all expenses and losses, and/or the Company shall indemnify Emirates NBD for any losses.
Material Restrictions	No change may be made to the legal form or ownership structure of the Company without obtaining the prior written approval of Emirates NBD. In the event that the Offering is not completed within 6 months, the Company shall provide a cash margin for the letters of credit upon request in the amount of SAR 160,000,000.

Source: Company's information

G. Facility Agreement with Arab National Bank

Table 13.93: Facility Agreement with Arab National Bank

Parties	The Company and Arab National Bank.
Date	10/09/1443H (corresponding to 11/04/2022G), as amended on 04/03/1445H (corresponding to 19/09/2023G).
Type of Financing	Bank facilities in the amount of SAR 250,000,000, due upon sight.
Total Financing	SAR 250,000,000.
Amounts Utilized as of 30 September 2024G	SAR 128,946,806
Term	Until 12/12/1444H (corresponding to 30/06/2023G), and extended until 11/07/1447H (corresponding to 31/12/2025G).
Purpose	Issuance of certain letters of credit on demand in favor of beneficiaries acceptable to the Arab National Bank.
Guarantees	– A promissory note in the amount of SAR 250,000,000. – Any other guarantees required by the Bank.
Termination and Events of Default	– The Company fails to pay any amount due under a financing document on the relevant due date; – the Company breaches any of its obligations under any financing document which, in the Bank's opinion, is remediable, and the Company shall be deemed to be in breach of its obligations if it is unable to rectify the breach within the period specified by the Bank after receiving notice from Arab National Bank of such breach; – if an incorrect statement is provided either in the form of a pledge, guarantee or statement by the customer under any financing document; – the Company fails to pay any debt due or deemed due before its due date; – the placement of a mortgage or attachment on any of the Company's assets or the Company's insolvency or bankruptcy; – the occurrence of any change in the Company's ownership; – the Company ceases to carry on any material part of its business or materially changes the nature or scope of its business, or transfers its assets or business; or – the issuance of any law, regulation or order or any amendment to any law, regulation or order that alters or is construed as altering, terminating, suspending or relieving the Company of its obligations under this Agreement.
Material Restrictions	No change in the legal form or ownership structure of the Company may be made without the prior written consent of the Arab National Bank.

Source: Company's information

H. Facilities Agreement with Al Rajhi Bank

Table 13.94: Summary of Key Terms of the Facilities Agreement with Al Rajhi Bank

Parties	The Company and Al Rajhi Bank.
Date	17/11/1444H (corresponding to 06/06/2023G), as amended on 26/12/1445H (corresponding to 02/07/2024G).
Total Financing	SAR 410,000,000.
Type of Financing	– Credit facilities with a limit of SAR 410,000,000, consisting of the following sub-limits: – issuance of letters of credit in the amount of SAR 400,000,000; and – SAR 10,000,000.
Amounts Utilized as of 30 September 2024G	SAR 187,902,580.
Term	The agreement has no set term, provided that it shall be reviewed on 02/11/1446H (corresponding to 30/04/2025G).
Purpose	– Credit facilities to finance working capital requirements up to SAR 410,000,000, consisting of the following sub-limits: – issuance of letters of credit in the amount of SAR 400,000,000 for the purpose of financing working capital requirements; and – a current account statement in the amount of SAR 10,000,000, the purpose of which has not been specified.
Guarantees	A promissory note in the amount of SAR 410,000,000 due upon sight, presented by the Company in favor of Al Rajhi Bank.
Termination and Events of Default	The facilities of the Al Rajhi Facilities Agreement shall be terminated in the event: – the Company fails to pay the amounts due under the Al Rajhi Facilities Agreement when due; – the Company fails to perform or comply with any of its obligations in accordance with the provisions of the Agreement, purchase orders, confirmation of transactions, offer and acceptance of overdraft facility, any agency agreement, promissory note or any document considered by the Company and Al Rajhi Bank to be a transaction document; – any undertaking or guarantee provided or deemed to have been provided by the Company is found to be an invalid undertaking or guarantee; – if the Company's business, assets, or any part thereof is subject to confiscation, mortgage, or any other legal procedure and this procedure is not canceled within 90 days; – the Company takes any action to liquidate its business, declare insolvency or bankruptcy, reorganize or reconstitute it, or appoints a liquidator, receiver, trustee or similar officer over all or any part of its business or assets; – the Company fails to pay any outstanding debts or makes a general assignment in favor of its creditors; – the Company ceases to carry out any part of its business; – the Company fails to obtain any permits required under the Al Rajhi Facilities Agreement and the relevant documents; – the Company is legally unable to perform any of its duties under the Al Rajhi Facilities Agreement and the relevant documents; – the Company terminates or intends to terminate the Al Rajhi Facilities Agreement or any of the related documents; – Al Rajhi Bank decides that there are reasonable grounds to believe that a material adverse change has occurred in the Company's business, financial position or future plans, and that such change has or may adversely affect the Company's ability to meet its obligations under the relevant documents; – any changes in the Company's management by order, or any restrictions on the Company's ability to conduct its business, whether in part or in whole, or any seizure of the Company's issued shares, whether in part or in whole, or any seizure or confiscation, or confiscation of a significant portion of the Company's revenues or assets; and/or – any change in the Company's ownership structure without the prior approval of Al Rajhi Bank.
Material Restrictions	No change in the legal form or ownership structure of the Company may be made without obtaining the prior written approval of Al Rajhi Bank.

Source: Company's information

I. Master Facility Agreement with Gulf International Bank

Table 13.95: Summary of Key Terms of the Master Facility Agreement with Gulf International Bank

Parties	The Company and Gulf International Bank.
Date	29/11/1445H (corresponding to 06/06/2024G).
Total Financing	SAR 265,000,000.
Type of Financing	– Standby letter of credit facility with a limit of SAR 250,000,000. – Treasury facilities with a limit of SAR 15,000,000.
Amounts Utilized as of 30 September 2024G	SAR 0.
Term	The term of the Agreement and availability of the facilities shall expire on the date on which the facilities are canceled or terminated by Gulf International Bank at its sole discretion.
Purpose	– Standby letter of credit facility: Financing working capital requirements. – Treasury facility: Dealing in treasury products offered by Gulf International Bank. In relation to the treasury facility, the Company entered into a hedging agreement with Gulf International Bank on 29/11/1445H (corresponding to 06/06/2024G), in accordance with the ISDA/IIFM Master Hedging Agreement.
Guarantees	– A promissory note in the amount of SAR 265,000,000.
Termination and Events of Default	Gulf International Bank shall have the right to terminate its obligations under the Agreement immediately, cancel the facilities and/or declare the deferred sale price payable immediately in the following cases: – failure to pay the amounts due by the Company or any Guarantor under the agreement or any transaction document, when due; – failure to perform any of the obligations of the Company or any Guarantor under the agreement or any transaction document; – any representation, guarantee or statement provided by the Company or any Guarantor is found to be incorrect when made; – the Company's business, assets or any Guarantor, or any part thereof, is subject to execution, attachment or any other legal procedure and this procedure is not settled within 14 days; – any debts of the Company or any Guarantor become due or declared due before their due date or are not paid when due; – the Company or any Guarantor takes any steps to liquidate its business, declare insolvency or bankruptcy, reorganize or reconstitute its business, or appoint a receiver, trustee or similar officer over any or all of its business and assets; – the Company or any Guarantor ceases to manage all or a substantial part of its business; – any of the permits required in connection with the conclusion, execution, validity or enforceability of the Agreement or any transaction document are not granted or cease to be in full force and effect; – the Company or any Guarantor stops or suspends payments to its creditors or any class of creditors, is unable or is deemed under applicable law to be unable or admits its inability to pay its debts as they fall due, seeks to enter into any composition or other arrangement with its creditors or any class of creditors or commences any process for the relief of debtors, declares itself bankrupt or becomes insolvent; – Gulf International Bank decides that there are reasonable grounds to believe that a material adverse change has occurred in the business, financial condition or future plans of the Company or any Guarantor, and that such change has or may adversely affect the ability of the Company or any Guarantor to meet its obligations under any facility document; – death or disability of a personal guarantor (if any); – if any law or regulation changes, causing the Company or any Guarantor to be unable to fulfill its obligations under the Agreement or any related document, or if the validity or enforceability of such documents is challenged or terminated, this may affect the ability of Gulf International Bank to exercise its rights; or – if the management of the Company or any Guarantor is removed by a governmental authority, if their business operations are restricted, or if a substantial portion of their shares, revenues or assets are seized or acquired, in a manner that affects their ability to conduct business.

Source: Company's information

J. Letter of Credit Facility Agreement with Gulf International Bank

Table 13.96: Summary of Key Terms of the Letter of Credit Facility Agreement with Gulf International Bank

Parties	The Company and Gulf International Bank.
Date	29/11/1445H (corresponding to 06/06/2024G).
Total Financing	SAR 50,000,000.
Type of Financing	Uncommitted revolving Murabaha facility with a limit of SAR 50,000,000. The Letter of Credit Facility Agreement with Gulf International Bank constitutes a sub-limit under the Master Facility Agreement with Gulf International Bank (for further information regarding the Master Facility Agreement with Gulf International Bank, please refer to Section 13.5(i) "**Master Facility Agreement with Gulf International Bank**" of this Prospectus).
Amounts Utilized as of 30 September 2024G	SAR 0.
Term	The term of the Agreement and availability of the facilities shall expire on the date on which the facilities are canceled or terminated by Gulf International Bank at its sole discretion.
Purpose	Financing the import and purchase of aircraft-related consumables locally.
Termination and Events of Default	Gulf International Bank shall have the right to terminate its obligations under the Agreement immediately, cancel the facilities and/or declare the deferred sale price payable immediately in the following cases: – failure to pay the amounts due by the Company under the agreement or any Murabaha transaction document when due; – failure to perform any of the Company's obligations under certain terms of the Agreement; – any representation, guarantee or statement made by the Company or a supplier is deemed to have been incorrect when made; – failure to perform any of the obligations of the Company or the supplier under the Agreement or any transaction document; – the Company or a supplier is unable to pay its debts when due or commences negotiations with any one or more of its creditors with a view to modifying or rescheduling its debts or making a general assignment in favor of its creditors or settling with them; – at any time, the Company's debt under the Agreement or any Murabaha transaction document does not have priority over all of the Company's debts; – any debt of the Company or a supplier becomes due or is declared due before its due date or is not paid when due; – the Company sells its business or makes a material change in its line of business, which, in the opinion of Gulf International Bank, affects the Company's ability to service the facilities, resulting in deterioration in its balance sheet; – any debt of the Company to other creditors is not paid when due; – the Company takes any steps to liquidate, dissolve or restructure its business or appoint a receiver, trustee or similar officer for any or all of its revenues and assets; – the Company or a supplier ceases or threatens to cease to undertake the business carried out by each of them on the date of the Agreement or enters into any unrelated business; – any guarantor terminates its guarantee; – the Company or a supplier denies the Agreement or any Murabaha transaction or commits or causes to be committed any act indicating an intention to deny the same; – it becomes unlawful at any time for the Company or a supplier to perform any or all of their obligations under the Agreement or any Murabaha transaction; or – any circumstances arise that, in the opinion of Gulf International Bank, give reasonable grounds to believe that the Company or a supplier may not perform their obligations under the Agreement or any Murabaha transaction document.
Material Restrictions	Pursuant to the Agreement, the Company shall: – not issue any additional shares or change any rights attached to its issued shares existing on the date of the Agreement without the written consent of Gulf International Bank; – not enter into any transaction or series of transactions for the sale, lease, transfer or other disposal of its assets; and/or – not change the ownership structure of the Company without the prior written approval of Gulf International Bank. Failure by the Company to comply with the above obligations shall be considered a breach under the Agreement.

Source: Company's information

13.6 Transactions and Contracts with Related Parties

The Company deals with Related Parties in the ordinary course of its business. It has entered into agreements with 10 Related Parties, such as the agreements entered into with Kalair International Limited, NAS Holding Company, NAS Private Aviation Company, Saudi Air Navigation Services Company, National Flight Services Company, Reem Air Limited, Real Estate Investment Company, Four Seasons Hotel and Dune Company in connection with aircraft management, aircraft sale and leaseback, operation and navigation services, the promotion and sale of its services in various cities of the Kingdom, leasing residential properties, catering services, and Banque Saudi Fransi in connection with financing, payment services, and electronic processing. The value of transactions due from Related Parties amounted to SAR 120.2 million, SAR 29.5 million, SAR 91.4 million and SAR 136.6 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. The value of revenue from transactions with Related Parties amounted to SAR 91.9 million, SAR 71.6 million, SAR 116.2 million and SAR 89.7 million in the same periods, respectively, representing 3.4%, 1.5%, 1.8% and 1.5% of the Company's revenue in the same periods, respectively. Meanwhile, the value of transactions due to Related Parties amounted to SAR 7.3 million, SAR 25.3 million, SAR 8.8 million and SAR 5.4 million in the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ended 30 September 2024G, respectively. Costs from transactions with Related Parties amounted to SAR 4.1 million, SAR 7.9 million, SAR 115.6 million, SAR 100.3 million and SAR 119.3 million in the same periods, respectively, representing 0.2%, 0.2%, 2.1%, 2.3% and 2.4% of the Company's operating costs in the same periods, respectively. This section sets out a summary of the material Related Party agreements and transactions that the Board of Directors believe are material to the Company's business or may affect investors' decisions to subscribe to the Offer Shares. The summary of agreements and contracts referred to below does not cover all terms and conditions and it cannot be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that none of the Related Party agreements described in this section contain any preferential terms and all such agreements have been executed in accordance in a legal and regular manner and on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with any other Related Parties.

The Directors further declare they shall comply with the restrictions and requirements of Articles 27 and 71 of the Companies Law and the directives of Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA with respect to agreements with Related Parties.

Below is a summary of the agreements entered into between the Company and Related Parties requiring the authorization of the General Assembly in accordance with Articles 27 and 71 of the Companies Law and the agreements entered into between the Company and Related Parties in accordance with the Rules on the Offer of Securities and Continuing Obligations.

A. Dealings with Kalair and National Flight Services

The Company entered into the First Aircraft Operation and Management Agreement and the Second Aircraft Operation and Management Agreement with Kalair and National Flight Services in order to obtain services related to aircraft management and operation. The total value of the First Aircraft Operation and Management Agreement is SAR 21,971,287. There are no amounts due under the First Aircraft Operation and Maintenance Agreement as of 30 September 2024G. In addition, the total value of the Second Aircraft Operation and Management Agreement is SAR 675,000 for the financial year ended 31 December 2023G. There are no amounts due under the Second Aircraft Operation and Maintenance Agreement as of 30 September 2024G. These transactions entered into with Kalair and National Flight Services are considered Related Party transactions as they are entered into with an affiliate of the Company with respect to Kalair according to the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations. Furthermore, National Flight Services is a Substantial Shareholder in the Company. In addition, Director Ayed Al Jeaid is the general manager of National Flight Services Company. This transaction was presented to the Company's General Assembly and was authorized thereby on 19/12/1445H (corresponding to 25/06/2024G) in accordance with Article 27 of the Companies Law.

B. Transactions with Real Estate Investment Limited

The Company entered into 4 transactions with Real Estate Investment Limited on 29/09/1442H (corresponding to 11/05/2021G), 24/05/1441H (corresponding to 19/01/2020G), 23/01/1443H (corresponding to 31/08/2021G) and 22/06/1443H (corresponding to 25/01/2022G) with respect to the following: (1) leasing a residential property under the name Daewoo House 02 (F) to an employee of the Company for a total amount of SAR 118,000; (2) leasing a residential property under the name Citigroup Avenue 04 (G) to an employee of the Company for a total amount of SAR 143,500; (3) leasing a residential property under the name Sky Avenue 13 (C) to an employee of the Company for a total amount of SAR 270,000; and (4) leasing a residential property under the name Daewoo House 02 (F) to an employee of the Company for a total amount of SAR 124,875. The total amount of these transactions is SAR 656,375, noting that the balance owed to the Real Estate Investment Company is nil as of 30 September 2024G. These transactions with Real Estate Investment Company Limited are considered Related Party transactions due to the fact that Real Estate Investment Company Limited is a previous affiliate of the Company as defined by the Rules on the Offer of Securities and Continuing Obligations prior to its sale by Kingdom Holding Company. Additionally, Talal Ibrahim Al Maiman, is a director and the CEO of Kingdom Holding Company, a Substantial Shareholder in Real Estate Investment Company Limited, as per the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations. Furthermore, the Director Talal Ibrahim Al Maiman was the chairman and CEO of Real Estate Investment Company Limited. Accordingly, these transactions were presented to the Company's General Assembly and were authorized thereby on 19/12/1445H (corresponding to 25/06/2024G) in accordance with Article 27 of the Companies Law. It should be noted that as of the date of this Prospectus, these transactions are no longer in effect, as the related agreements have been terminated.

C. Transactions with Banque Saudi Fransi (BSF)

The Company entered into the following agreements with BSF: (1) a Master Murabaha Agreement with respect to facilities provided by BSF to the Company for a total value of SAR 843,750,000 increasable to SAR 2,250,000,000; (2) a BSF Financing Agreement related to facilities provided by BSF to the Company for a total value of seven hundred and sixteen million, six hundred and twenty-five thousand Saudi Riyals (SAR 716,625,000); and (3) a Payment Gateway Service Agreement with BSF related to the electronic payment and processing services provided by BSF to the Company (for further information regarding these agreements, please refer to Section 13.5 "**Financing Agreements**" of this Prospectus). Note that the value of the balance due to Banque Saudi Fransi amounted to SAR 428,520,625 as of 30 September 2024G.

These transactions with BSF are considered Related Party transactions as the Director Talal Ibrahim Al Maiman is a director of BSF. Accordingly, these transactions were presented to the Company's General Assembly and were authorized thereby on 19/12/1445H (corresponding to 25/06/2024G), in accordance with Article 27 of the Companies Law.

D. Transactions with NasJet

The Company entered into an agreement with NasJet to provide flight services related to operation, maintenance, crew and management for NasJet clients on 14/04/1439H (corresponding to 01/01/2018G). During the financial year ended 31 December 2023G, the Company carried out transactions worth SAR 93,552,887 with an outstanding balance of SAR 69,397,800 as of 31 December 2023G. During the nine-month period ended 30 September 2024G, the Company carried out transactions worth SAR 89,742,763 with an outstanding balance of SAR 88,749,281 as of 30 September 2024G. This transaction is a Related Party transaction given the Director Bander Abdulrahman Nasser Al-Mohanna is a director of NasJet. This transaction was presented to the Company's General Assembly and was authorized thereby on 19/12/1445H (corresponding to 25/06/2024G) in accordance with Article 27 of the Companies Law.

E. Transactions with NAS Holding

The Company entered into an agreement with NAS Holding on 14/04/1439H (corresponding to 01/01/2018G) for the purpose of facilitating the use of flight operations for the business of both parties. The services provided do not obligate either party to provide any financial consideration. As of 30 September 2024G, the value of the transaction was nil and the outstanding balance amounted to SAR 47,801,678. These transactions are considered Related Party transactions as NAS Holding is a company pursuant to the definition of Related Parties under the Rules on the Offer of Securities and Continuing Obligations. The Chairman Ayed Thawab Manea Allah Al Jeaid is the chairman of NAS Holding, Directors Talal Ibrahim Al Maiman and Hamza Bahi Adeen Al Kholi are Directors of NAS Holding, while the Director Bander Abdulrahman Nasser Al-Mohanna is the CEO and Managing Director of NAS Holding. This transaction was presented to the Company's General Assembly and was authorized thereby on 19/12/1445H (corresponding to 25/06/2024G) in accordance with Article 27 of the Companies Law. The transactions entered between the Company and NAS Holding are entered into on a separate basis.

F. Transactions with Saudi Air Navigation Services Company (SANS)

The Company entered into a number of transactions with Saudi Air Navigation Services Company (SANS) for the purpose of obtaining air navigation services for a total amount of SAR 105,349,020 as of 31 December 2023G, and SAR 113,798,983 as of 30 September 2024G. These transactions are considered Related Party transactions as they are entered into with an affiliate of the Company in accordance with the Rules on the Offer of Securities and Continuing Obligations, in addition to the fact that the Director Bander Al-Mohanna is a Director of SANS. This transaction was presented to the Company's General Assembly and was authorized thereby on 19/12/1445H (corresponding to 25/06/2024G) in accordance with Article 27 of the Companies Law.

G. Transactions with Reem Aviation Limited

The Company entered into an agreement with Reem Aviation Limited for the provision of management, maintenance and operation services on an aircraft owned by Reem Aviation Limited. The total value of these transactions depends on the monthly fixed and operational fees. This Agreement is a Related Party transaction as it is entered into with an affiliate of the Company in accordance with the Rules on the Offer of Securities and Continuing Obligations. However, it does not require authorization from the General Assembly in accordance with Articles 27 and 71 of the Companies Law.

H. Transactions with Four Seasons Hotels and Resorts

The Company has entered into an agreement with Four Seasons Hotels and Resorts for the provision of non-aeronautical catering services on an as-needed basis. The most recent invoice dated 19/02/1445H (corresponding to 04/09/2023G) paid by the Company for the services of Four Seasons Hotels and Resorts amounted to SAR 39,518. This agreement is a Related Party transaction as it is entered into with an affiliate of the Company in accordance with the Rules on the Offer of Securities and Continuing Obligations. However, it does not require authorization from the General Assembly in accordance with Articles 27 and 71 of the Companies Law.

I. Transactions with Dune

The Company has entered into aircraft sale-leaseback agreements with Dune and aircraft lease agreements with Dune for the sale and leaseback of the Company's aircraft (for further information regarding these agreements, please see Sections 13.4.1.4 "**Aircraft Sale and Leaseback Agreements with Dune**" and 13.4.1.4(a) "**Aircraft Lease Agreements with Dune**" of this Prospectus). These agreements are considered Related Party transactions since Dune is indirectly owned by Avilease, a wholly owned subsidiary of the Public Investment Fund, which is an indirect Substantial Shareholder in the Company. Therefore, Dune is an affiliate of the Company according to the Rules on the Offer of Securities and Continuing Obligations. However, such agreements do not require obtaining the authorization of the General Assembly in accordance with Articles 27 and 71 of the Companies Law.

13.7 Insurance

The Company has 8 insurance policies. The following table sets out the key particulars of the insurance policies obtained by the Company:

Table 13.97: Insurance Policies of the Company

#	Type of Coverage	Insurer	Insured	Policy No.	Coverage Expiration Date	Insured Value/Maximum Insurance Coverage
1.	Aircraft structure insurance	Tawuniya	The Company	740111	24/05/1447H (corresponding to 15/11/2025G)	USD 275,000,000
2.	Deductible all risk airframe insurance	Tawuniya	The Company	740222	24/05/1447H (corresponding to 15/11/2025G)	-
3.	Aircraft hull insurance against war and related perils	Tawuniya	The Company	740333	24/05/1447H (corresponding to 15/11/2025G)	USD 600,000,000
4.	Aircraft hull insurance against war and related perils	Tawuniya	The Company	740444	24/05/1447H (corresponding to 15/11/2025G)	USD 20,000,000 Excess: USD 130,000,000 in total within the total aggregate limit of insurance. Premium: USD 245,000
5.	Comprehensive vehicle insurance	Arabian Shield Cooperative Insurance Company	The Company	P/CR01/2021/CV/0000045/R04	11/07/1447H (corresponding to 31/12/2025G)	SAR 10,000,000 per vehicle
6.	Group medical expenses insurance	Tawuniya	The Company	41546789	09/05/1447H (corresponding to 31/10/2025G)	SAR 1,424,383.12
7	Group medical expenses insurance	Tawuniya	The Company	41546078	09/05/1447H (corresponding to 31/10/2025G)	SAR 33,306,132.12
8.	Group life and personal accident insurance	Tawuniya	The Company	TAK/RK/GL/2750-4/1/2025/N	12/08/1447H (corresponding to 31/01/2026G)	SAR 2,460,320

Source: Company's information

13.8 Real Estate

13.8.1 Owned Real Estate

The Directors of the Company confirm that there is no real estate owned by the Company as of the date of this Prospectus.

13.8.2 Leased Real Estate

A. Operational Locations

The Company has entered into 19 leases that are used as operational locations for the Company. The following table sets out the details of the real estate leased by the Company and the key terms of the leases entered into thereunder:

Table 13.98: Real Estate Leased by the Company

#	Lessee	Lessor	Location	Purpose	Effective Date of the Lease	Annual Rent (SAR)	Lease Term
Central Province							
Riyadh							
1.	The Company	Individual(1)	Al Rabie District, Riyadh	Plot with deed number 310109012701 in Al Rabie District for the purpose of commercial offices for the Company.	07/12/1437H (corresponding to 08/09/2016G) and the current term ends on 24/02/1448H (corresponding to 09/08/2026G)	2,500,000 per annum, payable in semi-annual installments 3,000,000 per annum for the first five years.	10 years, automatically renewable, commencing one month after handover of the location
2.	The Company	Company	King Khalid International Airport, Riyadh	Part of King Khalid International Airport Terminal 5 with a total area of 518.7 square meters.	30/12/1437H (corresponding to 01/10/2016G) and ends on 13/12/1448H (corresponding to 19/05/2027G)	1,945,125 per annum	10 years and 7 months
3.	The Company	Company	King Khalid International Airport, Riyadh	Part of the Private Aviation Terminal in King Khalid International Airport with a total area of 506 square meters.	13/12/1444H (corresponding to 01/07/2023G) and the current term ends on 04/01/1447H (corresponding to 30/06/2025G)	607,200 per annum	Two years
4.	The Company	Company	King Khalid International Airport, Riyadh	Part of King Khalid International Airport Terminal 5 with a total area of 754.3 square meters.	19/04/1444H (corresponding to 13/11/2022G) and the current term ends on 10/05/1446H (corresponding to 12/11/2024G)(2)	1,723,531.50 per annum	Two years
5.	The Company	Company	King Khalid International Airport, Riyadh	Part of King Khalid International Airport Terminal 2.	12/01/1446H (corresponding to 18/07/2024G) and the current term ends on 03/02/1448H (corresponding to 17/07/2026G)	55,906.32 per annum	Two years
6.	The Company	Company	King Khalid International Airport, Riyadh	Part of area AM-1 in King Khalid International Airport for the purpose of administrative and commercial offices for the Company.	21/09/1445H (corresponding to 31/03/2024G) and the current term ends on 12/10/1447H (corresponding to 31/03/2026G)	733,250 per annum	Two years, automatically renewable
7.	The Company	Company(1)	Riyadh	A warehouse with a total area of 920m located in Riyadh.	16/06/1445H (corresponding to 29/12/2023G) and the current term ends on 28/06/1446H (corresponding to 29/12/2024G)	900,000 per annum	One year, automatically renewable

#	Lessee	Lessor	Location	Purpose	Effective Date of the Lease	Annual Rent (SAR)	Lease Term
8.	The Company	Company	Riyadh	A warehouse with a total area of 3,200 m located in Riyadh.	12/04/1446H (corresponding to 15/10/2024G), and the current term ends on 14/05/1449H (corresponding to 14/10/2027G)	900,000 per annum	3 years
				Qassim			
9.	The Company	Company	Prince Nayef bin Abdulaziz International Airport, Qassim	Part of Prince Naif Bin Abdulaziz International Airport with a total area of 80,480 square meters for the purpose of administrative and commercial offices for the Company.	08/06/1444H (corresponding to 01/01/2023G) and the current term ends on 30/06/1446H (corresponding to 31/12/2024G)	23,268.27 per annum, inclusive of VAT	One year, automatically renewable
				Northern Province			
				Hail			
10.	The Company	Company	Hail International Airport, Hail	Part of Hail International Airport with a total area of 12 square meters for the purpose of the Company's commercial lounge.	08/06/1444H (corresponding to 01/01/2023G) and the current term ends on 30/06/1446H (corresponding to 31/12/2024G)	32,926.80 per annum, inclusive of VAT	One year, automatically renewable
				Southern Province			
				Abha			
11.	The Company	Company	Abha International Airport, Abha	Part of Abha International Airport with a total area of 16.22 square meters for the purpose of administrative and commercial offices for the Company.	08/06/1444H (corresponding to 01/01/2023G) and the current term ends on 30/06/1446H (corresponding to 31/12/2024G)	69,480.70 per annum, inclusive of VAT	One year, automatically renewable
				Jazan			
12.	The Company	Company	King Abdullah bin Abdulaziz Airport, Jazan	Part of King Abdullah Bin Abdulaziz Airport with a total area of 22 square meters for the purpose of administrative and commercial offices for the Company.	08/06/1444H (corresponding to 01/01/2023G) and the current term ends on 30/06/1446H (corresponding to 31/12/2024G)	60,365.80 per annum, inclusive of VAT	One year, automatically renewable
				Western Province			
				Jeddah			
13.	The Company	Individual	King Abdulaziz Street, Jeddah	Units No. 402 with a total area of 111 square meters for the purpose of administrative and commercial offices for the Company.	24/11/1445H (corresponding to 01/06/2024G) and the current term ends on 04/12/1446H (corresponding to 31/05/2025G)	177,600 per annum VAT: 26,640 Total value: 204,240	364 days
14.	The Company	Individual	South Obhur, Jeddah	Unit No. 403 with a total area of 84 square meters for the purpose of administrative and commercial offices for the Company.	29/04/1446H (corresponding to 01/11/2024G) and ends on 09/05/1447H (corresponding to 31/10/2025G)	55,000 per annum, payable every six months. VAT: 8,250 Total value: 63,250	One year

#	Lessee	Lessor	Location	Purpose	Effective Date of the Lease	Annual Rent (SAR)	Lease Term
15.	The Company	Individual	King Abdulaziz Street, Jeddah	Units No. 404 with a total area of 84 square meters for the purpose of administrative and commercial offices for the Company.	24/11/1445H (corresponding to 01/06/2024G), and the current term ends on 04/12/1446H (corresponding to 31/05/2025G)	55,000 per annum	364 days
Mecca							
16.	The Company	Individual	Mecca	Unit No. 32 with an area of 91.91 square meters for the purpose of administrative and commercial offices for the Company.	21/09/1445H (corresponding to 31/03/2024G) and the current term ends on 02/12/1446H (corresponding to 30/05/2025G)	22,000 per annum, paid in two semi-annual installments Value Added Tax (VAT): 3,300 Total value: 25,300	One year
Taif							
17.	The Company	Company	Taif International Airport, Taif	Part of Taif International Airport with a total area of 7.75 square meters for the purpose of a commercial lounge for the Company.	08/05/1444H (corresponding to 01/01/2023G) and the current term ends on 30/06/1447H (corresponding to 31/12/2024G)	21,265.23 per annum, inclusive of VAT	One year, automatically renewable
Eastern Province							
Dammam							
18.	The Company	Company	Dammam Airport, Dammam	Part of Dammam Airport for the purpose of a commercial lounge for the Company.	07/11/1445H (corresponding to 15/05/2024G) and the current term ends on 16/11/1446H (corresponding to 14/05/2025G)	42,250 per annum	One year, automatically renewable
Egypt							
Cairo							
19.	The Company	Company	Mohamed Hassan Helmy Street, 20 Geziret Al Arab St., Giza, Cairo	Offices located on Mohamed Hassan Helmy St., 20 Geziret Al Arab, Giza, Cairo.	02/11/1443H (corresponding to 01/06/2022G) and the current term ends on 24/12/1448H (corresponding to 31/05/2027G)	USD 3,676 payable monthly, subject to a 5% annual increase starting from the second rental year	5 years

(1) The agreement is not registered on the Ejar platform and is in the process of being registered as of the date of this Prospectus.

(2) The agreement has expired in the ordinary course of business and is being renewed as of the date of this Prospectus.

Source: Company's information

B. Staff Accommodation Locations

The Company has entered into four (4) leases which are used as accommodation locations for the Company's employees. The following table sets out the details of properties leased by the Company and the key terms of the leases entered into thereunder:

Table 13.99: Real Estate Leased by the Company

#	Lessee	Lessor	Location	Purpose	Effective Date of the Lease	Annual Rent (SAR)	Lease Term
1.	The Company	Individual	Al Aziziyah, Riyadh	Plot No. 3/172/60 consisting of 46 villas in Al Aziziyah for the purpose of a residential complex for the Company's employees.	05/03/1444H (corresponding to 01/10/2022G) and the current term ends on 28/04/1449H (corresponding to 30/09/2027G)	5,000,000 per annum payable in two installments of 2,500,000 each	5 years
2.	The Company	Company	Jeddah	38 units for the purpose of a residential complex for the Company's employees.	13/12/1444H (corresponding to 01/07/2023G) and the current term ends on 14/06/1448H (corresponding to 30/06/2026G)	3,800,000 per annum	3 years
3.	The Company	Company	Al Rimal, Riyadh	A complex consisting of 120 units with a total area of 45,000 for the purpose of a residential complex for Company employees.	25/12/1445H (corresponding to 01/07/2024G) and the current term ends on 25/01/1449H (corresponding to 30/06/2027G)	9,750,000 per annum	3 years
4.	The Company	Company(1)	Al-Thumama Road, Riyadh	Residential unit for a Company employee	20/08/1445H (corresponding to 01/03/2024G) and the current term ends on 28/09/1446H (corresponding to 28/03/2025G)	115,000 per annum	One year, automatically renewable

(1) The agreement is not registered on the Ejar platform and is in the process of being registered as of the date of this Prospectus.

(2) This contract is considered a Related Party transaction (for further information, please refer to Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus).

Source: Company's information

13.9 Intangible Assets

13.9.1 Air Operator Certificate

As of the date of this Prospectus, the Company has an air operator certificate issued by the General Authority of Civil Aviation, on which the Company relies on for its operations. It is worth mentioning that the Company considers the air operator certificate, which was transferred from NAS Holding Company to the Company as part of the purchase agreement dated 04/03/1437H (corresponding to 15/12/2015G), to be an intangible asset. Note that the air operator certificate valuation process resulted in a valuation of SAR 2.0 billion. The Company considered the value of the air operator certificate as part of its intangible assets in its financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the nine-month period ending 30 September 2024G, estimating its value at SAR 2.0 billion for each period (for further information regarding the risks associated therewith, please see Section 2.1.4 "**Risks Related to the Impairment of the Company's Air Operator Certificate**" of this Prospectus).

13.9.2 Trademarks

The Company has registered 15 trademarks in the Kingdom, the United Arab Emirates, Bahrain, Kuwait, Qatar, Yemen, Sudan, Jordan, Lebanon, Egypt, India, and the European Union. The Company heavily relies on its trademark for its operations and marketing services. Therefore, the Company's inability to protect its trademark or the need to take legal action to protect it could significantly and adversely impact its ability to use the trademark, consequently affecting its business operations and results (for further information regarding the risks related to the same, please refer to Section 2.1.53 "**Risks Related to Protection of the Company's Intellectual Property Rights**" of this Prospectus). The following table sets out the key particulars of the Company's registered trademarks:

Table 13.100: Key Particulars of the Company's Registered Trademarks:

#	Trademark	Country of Registration	Owner	Registration No.	Protection Start Date	Protection Expiration Date	Category
Kingdom of Saudi Arabia							
1.	flynas طيران ناس	Kingdom	The Company	143413576	02/11/1444H (corresponding to 22/05/2023G)	01/11/1454H (corresponding to 01/02/2033G)	39
2.	NASJET ناس جت	Kingdom	The Company	1436003384	14/02/1436H (corresponding to 06/12/2014G)	13/02/1447H (corresponding to 08/08/2025G)	37
3.		Kingdom	The Company	1441017433	11/06/1441H (corresponding to 05/02/2020G)	11/06/1451H (corresponding to 19/10/2029G)	16
4.	nasmiles ناسمايلز	Kingdom	The Company	1438018652	12/08/1438H (corresponding to 08/05/2017G)	11/08/1448H (corresponding to 19/01/2027G)	39
UAE							
5.	flynas طيران ناس	UAE	The Company	282984	26/02/1439H (corresponding to 15/11/2017G)	16/06/1449H (corresponding to 15/11/2027G)	39
Bahrain							
6.	flynas طيران ناس	Bahrain	The Company	120241	17/04/1439H (corresponding to 04/01/2018G)	27/03/1449H (corresponding to 29/08/2027G)	39
Kuwait							
7.	flynas طيران ناس	Kuwait	The Company	192768	06/12/1438H (corresponding to 28/08/2017G)	26/03/1449H (corresponding to 28/08/2027G)	39
Qatar							
8.	flynas طيران ناس	Qatar	The Company	116966	08/12/1438H (corresponding to 30/08/2017G)	27/03/1449H (corresponding to 29/08/2027G)	39
Yemen							
9.	flynas طيران ناس	Yemen	The Company	81059	05/12/1438H (corresponding to 27/08/2017G)	25/03/1449H (corresponding to 27/08/2027G)	39
Sudan							
10.	flynas طيران ناس	Sudan	The Company	58276	08/12/1438H (corresponding to 30/08/2017G)	29/03/1449H (corresponding to 31/08/2027G)	39
Jordan							
11.	flynas طيران ناس	Jordan	The Company	156200	04/01/1439H (corresponding to 24/09/2017G)	23/04/1449H (corresponding to 24/09/2027G)	39
Lebanon							
12.	flynas طيران ناس	Lebanon	The Company	182071	10/02/1439H (corresponding to 30/10/2017G)	26/07/1454H (corresponding to 31/10/2032G)	39
Egypt							
13.	flynas طيران ناس	Egypt	The Company	0356027	05/12/1438H (corresponding to 27/08/2017G)	25/03/1449H (corresponding to 27/08/2027G)	39
India							
14.	flynas طيران ناس	India	The Company	3815148	08/08/1439H (corresponding to 24/04/2018G)	29/11/1449H (corresponding to 24/04/2028G)	39
European Union							
15.	flynas طيران ناس	European Union	The Company	017517277	03/07/1439H (corresponding to 20/03/2018G)	24/10/1449H (corresponding to 20/03/2028G)	39

Source: Company's information

13.9.3 Website Domain Names

The Company has registered 4 website domain names which it uses for its business. The following table shows the details of these domain names:

Table 13.101: Key Particulars of Domain Names registered by the Company

#	Domain Name
1.	www.flynas.com
2.	www.nasholidays.com
3.	nasjet.com.sa
4.	nasaviation.com

Source: Company's information

13.10 Claims and Litigation

13.10.1 The Company

The following table summarizes the lawsuits and claims instituted by or against the Company as of the date of this Prospectus.

Table 13.102: Summary of Lawsuits and Claims Instituted by or Against the Company as of the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
Lawsuits Filed by the Company					
1.	The Company	Service provider	The Company filed a lawsuit against the defendant for failure to execute charter agreements during the 2016G and 2017G Umrah season with claims exceeding USD 9.5 million. The Company won a summary judgment in 2018G against the service provider and its Malaysian guarantors, for an amount owed, including interest, that now stands at around USD 13 million.	A request under the judgment was submitted to summon the debtor to the Execution Court and attend a hearing on 21/07/1446H (corresponding to 21/01/2025G), and the debtor's accountability proceedings will take place on 13/09/1446H (corresponding to 13/03/2025G).	35,637,958
2.	The Company	Service provider	In 2014G, the Company filed a lawsuit against the defendant for unpaid rent under sublease agreements. In May 2017G, the Company won a judgment of over USD 1,100,000 against the service provider. The Company encountered significant difficulties in enforcing the judgment in Ukraine. This included multiple hearings, appeals to the Supreme Court, non-appearance, procedural challenges raised by the defendant, alleged judicial bias, and delays caused by the ongoing war in Ukraine.	The Company appealed against the defendant in order to enforce the judgment previously awarded in its favor by the Ukrainian court and which is currently pending enforcement.	4,126,626.90
3.	The Company	Service provider	A claim by the Company for an escrow amount.	The arbitration award was held to be conditional on the defendant's submission of a commercial solution. The defendant has failed to do so and the arbitration will be restarted.	11,254,437
4.	The Company	Natural person	The defendant hacked into the Company's websites and accessed clients' data. The Company filed a claim with the Ministry of Interior.	A warrant was issued for the defendant's arrest. However, the defendant has been outside the Kingdom since the warrant was issued, hence it has not been executed.	Unspecified

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
5.	The Company	Service provider	The defendant requested retroactive entitlements since 2017G related to the rent of shared spaces at an airport in the Kingdom.	A preliminary judgment was issued by the competent court on 03/05/1446H (corresponding to 05/11/2024G) in favor of the company, which includes the cancellation of the related invoices and dues, which was upheld by the Court of Appeal on 27/07/1446H (corresponding to 27/01/2025G).	38,852,763.80
Total:					**SAR 89,871,785.70***
Lawsuits Against the Company					
6.	Natural person	The Company	The Plaintiff claims the amount of SAR 3,758.80, which was withdrawn from their account twice upon the purchase of an airline ticket.	The General Court declined jurisdiction. Pending confirmation of the Court of Appeal's judgment.	3,758.80
7.	Natural person	The Company	The Plaintiff claims compensation for a flight delay in the amount of SAR 150, in addition to SAR 750 as compensation under the law, compensation for flight change in the amount of SAR 100, and SAR 500 as compensation according to the law, with a total amount of SAR 1,250.	The General Court declined jurisdiction. Pending confirmation of the Court of Appeal's judgment.	1,250
8.	Natural person	The Company	The Plaintiff claims compensation for health damages and luggage delays.	A preliminary judgment was issued in favor of the Company, however the Plaintiff filed another claim on the same subject.	100,000
9.	Natural person	The Company	The Plaintiff claims compensation for lost luggage.	The date of the hearing has not been determined.	100,000
Total:					**SAR 205,008.80**
Labor Lawsuits Against the Company					
10.	Natural person	The Company	The Plaintiff claims end-of-service benefits and amounts deducted from their salary.	A hearing is scheduled to be held on 20/08/1446H (corresponding to 19/02/2025G).	61,911
11.	Natural person	The Company	The Plaintiff demands the Company provide them with the insurance data and documents related to their loss of license.	A hearing is scheduled to be held on 24/02/1447H (corresponding to 18/08/2025G).	N/A
12.	Natural person	The Company	The Plaintiff demands compensation for their illegal dismissal from work.	A judgment was issued in favor of the Company. The Plaintiff appealed the judgment, however a judgment has not been issued.	146,670.33
13.	Natural person	The Company	The Plaintiff demands further leave allowances, delayed wages, compensation for not registering in social insurance, and an end-of-service benefit after signing a settlement in exchange for receiving a compensation amount.	The claim was dismissed and the court has not yet issued a final judgment.	2,408,810.68
14.	Natural person	The Company	The Plaintiff demands end-of-service benefits, leave allowance, compensation for their illegal dismissal from work and overtime allowance.	A preliminary judgment was issued in favor of the Plaintiff and the Company has filed a request to appeal the judgment.	313,083.33
15.	Natural person	The Company	The Plaintiff claims end-of-service benefits, leave allowance, compensation for their illegal dismissal from work and compensation for the notice period.	The date of the hearing has not been determined.	127,614
Total:					**SAR 3,058,089.34**

* Excluding one lawsuit, the financial impact of which has not been determined as of the date of this Prospectus.

Source: Company's information

13.11 Zakat and Tax Status of the Company

The Company is subject to Zakat and tax obligations in the Kingdom, in accordance with the regulations of the Zakat, Tax, and Customs Authority (ZATCA). The Company has obtained the initial Zakat assessments from ZATCA for all years up to and including 2011G. The Zakat and tax assessments for the years from 2012G onwards are still under review by ZATCA. From 2013G onwards, Zakat returns were filed on a consolidated basis through NAS Holding. Accordingly, the annual Zakat payable by the Company has been calculated on a consolidated basis at NAS Holding level and then allocated to the Company, if any. The Company has filed Zakat and Tax returns for the financial years through 2022G, and has paid the Zakat and tax amounts due within the required timeframe. The Company has also obtained the final Zakat certificate for its Zakat returns submitted for the years ended 31 December 2021G, 2022G and 2023G. It is worth noting that there were discrepancies between the amounts reported in the value-added tax (VAT) returns submitted to ZATCA and the Company's financial statements. Additionally, the Company filed a VAT return for 2020G, which was reviewed by ZATCA, resulting in the imposition of additional fees of thirty-six million, eight hundred thousand Saudi Riyals (SAR 36,800,000). However, the Company successfully appealed this decision and recovered the entire amount. However, ZATCA may revisit any of the previous five years if there is no final Zakat assessment issued for any of the years without such assessment, for the purpose of challenging the submitted returns. This is in accordance with the Executive Regulations for the Collection of Zakat issued under the resolution of the Minister of Finance No. 2217, dated 07/07/1440H (corresponding to 14/03/2019G).

13.12 Description of Shareholder Rights

13.12.1 Voting Rights

Each Shareholder shall have a vote for every Share represented by them in the General Assemblies. Cumulative voting shall be used in electing the Board of Directors.

13.12.2 Rights to Dividends

Shareholders shall be entitled to their share of the dividends in accordance with the General Assembly resolution issued in this regard. Such resolution shall indicate the date of entitlement and the distribution date. Eligibility for dividends shall be for the owners of shares registered in the Shareholders' register at the end of the day specified for entitlement. The Board of Directors must execute the resolution of the General Assembly regarding the distribution of dividends to Shareholders.

13.12.3 Redemption or Buyback Rights

Pursuant to Article 114 of the Companies Law, the Company may purchase, pledge or sell its ordinary, preferred or redeemable shares in accordance with the regulations set by the competent authority. Shares purchased by the Company shall not have votes in Shareholders' assemblies. The Company may purchase its own shares for the purpose of allocating them to its employees within the Employee Share Scheme and in accordance with the regulations issued by the competent authority.

13.12.4 Rights to Surplus Assets upon Liquidation and Dissolution

Pursuant to the provisions of Article 255 of the Companies Law, the surplus shall be distributed to Shareholders in proportion to their portion of the share capital, unless otherwise stipulated in the Company's Bylaws.

13.12.5 Approvals Necessary to Amend the Voting Rights

The Company's Bylaws shall be amended to the effect that the rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 85 of the Companies Law, the Bylaws may be amended by the Extraordinary General Assembly. A meeting of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be convened one hour after the end of the period specified for the first meeting, provided that the invitation for the first meeting mentioned the possibility of having a second meeting. If the first invitation does not mention the possibility of holding the second meeting, an invitation shall be sent for a second meeting to be held in the manner prescribed by Article 30 of the Company's Bylaws. In any case, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter (25%) of the Company's shares with voting rights.

14. Underwriting

The Selling Shareholders and the Company entered into an underwriting agreement with the Underwriter (Goldman Sachs Saudi Arabia, BSF Capital and Morgan Stanley Saudi Arabia) dated 23/11/1446H (corresponding to 21/05/2025G) (hereinafter referred to as the "**Underwriting Agreement**"), pursuant to which the Underwriters agreed to underwrite the entire Offer Shares amounting to 51,255,568 ordinary shares, subject to certain terms and conditions set forth in the Underwriting Agreement. The names and addresses of the Underwriters are as follows:

14.1 Names and Addresses of the Underwriters

BSF Capital King Fahd Road Al Olaya 8092 P.O. Box 23454, Riyadh 11426 Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 Website: www.bsfcapital.sa E-mail: FlyNas.IPO@bsfcapital.sa	BSF Capital
Goldman Sachs Saudi Arabia Kingdom Tower, 25th Floor P.O. Box 52969, Riyadh 1157 Kingdom of Saudi Arabia Tel.: +966 11 279 4800 Fax: +966 11 279 4807 Website: www.goldmansachssaudiarabia.com E-mail: GS-Project-Lead-Core@ny.email.gs.com	Goldman Sachs
Morgan Stanley Saudi Arabia Al-Maather Street Al Rashid Tower - 10th Floor P.O. Box 66633, Riyadh 11586 Kingdom of Saudi Arabia Tel.: +966 11 2187000 Fax: +966 11 2187003 Website: www.morganstanley.com E-mail: ms_lead_core@morganstanley.com	Morgan Stanley

14.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a. The Selling Shareholders and the Company undertake towards the Underwriters that they shall carry out the following on the first business day following the completion of the allocation of the Offer Shares after the end of the Offering Period:

   1. Sell and allocate the Offer Shares to the Individual Subscribers or Participating Parties whose subscription applications have been accepted by the Receiving Agents as per the final allocation.
   2. Sell and allocate the Offer Shares that were not purchased by the Individual Subscribers or Participating Parties in the Offering to the Underwriters.

b. The Underwriters undertake to the Selling Shareholders and the Company to purchase any Offer Shares that have not been subscribed for by Individual Subscribers or Participating Parties, in accordance with what is stated below:

Table 14.1: Underwritten Shares

Underwriters	Number of Offer Shares to be Underwritten	Percentage of Offer Shares Underwritten
Goldman Sachs Saudi Arabia	17,085,190	33.3%
BSF Capital	17,085,190	33.3%
Morgan Stanley Saudi Arabia	17,085,190	33.3%

Source: Company's information

The Company and the Selling Shareholders undertake to abide by all provisions of the Underwriting Agreement.

14.3 Underwriting Costs

The Selling Shareholders and the Company will pay the Underwriters underwriting fees based on the total value of the Offering, in addition to the expenses and costs of the Offering, on a pro rata basis according to the number of Offering Shares to be sold or issued by each of them.

15. Offering Expenses

The Selling Shareholders and the Company will bear all expenses and costs related to the Offering, which will be divided between the Selling Shareholders (66.0%) and the Company (34.0%) on a pro-rata basis according to the number of Offer Shares that will be sold or issued by each of them. The expenses and costs related to the Offering are estimated at approximately one hundred million Saudi Riyals (SAR 100,000,000). These expenses include the fees of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, the Legal Advisor to the Company, the Legal Advisor to the Underwriters, the Auditor, the Market Consultant, the Financial Due Diligence Advisor, and the Receiving Agents, as well as marketing, printing, distribution, translation and other related expenses.

16. Company's Post-Listing Undertakings

Following listing, the Company undertakes to:

- Notify the CMA of the date of the first General Assembly meeting after listing to allow a representative thereof to attend.
- Submit business and contracts in which any Director has a direct or indirect interest to the General Assembly for authorization (in accordance with the Companies Law, the Corporate Governance Regulations and the Implementing Regulations of the Companies Law), provided that the interested Board Director refrains from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly.
- Comply with all mandatory provisions of the Corporate Governance Regulations immediately after listing.
- Fill out Form 8 (regarding compliance with Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Comply with the provisions of the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules in relation to the Company's continuing obligations immediately upon listing.

Accordingly, following listing, the Directors undertake to:

- Record all resolutions and deliberations in the form of written meeting minutes signed by the Board Chairman and Secretary.
- Disclose details of any Related Party transactions in accordance with the requirements of the Companies Law and the Corporate Governance Regulations and notify the Board of their direct or indirect personal interests in business and contracts entered into on behalf of the Company, provided that this is recorded in the minutes of the Board of Directors meeting.
- Call for an Extraordinary General Assembly to update the Company's Bylaws within three months after listing, including updating the Company's Bylaws to comply with the Companies Law, the Corporate Governance Regulations issued by the CMA and other relevant laws and regulations within the specified statutory period.


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17. Waivers

The Issuer has obtained exemptions from the CMA for certain relevant regulatory requirements, based on the justifications provided. These exemptions include the following:

a. Waiver from the disclosure of certain information in the Prospectus under Article 32(e) of the Rules on the Offer of Securities and Continuing Obligations with respect to information the Issuer believes the disclosure of would cause undue harm to the Company and its ability to compete, with failure to disclose such information being unlikely to mislead investors with respect to facts and circumstances the knowledge of which is necessary to evaluate the Company's stocks. Below are details of the requirements for which the Company has submitted a waiver application to the CMA in accordance with the above:

   1. The requirements of Paragraph 14(5)(a) of Appendix 12 of the Rules on the Offer of Securities and Continuing Obligations regarding the disclosure of details relating to the identities of the lessors under lease agreements entered into by the Company as a lessee.
   2. The requirements of 19(5)(b) of Appendix 12 of the Rules on the Offer of Securities and Continuing Obligations regarding the disclosure of details relating to the names of the plaintiffs and defendants and relating to existing and potential lawsuits and claims in which the Company is a party.
   3. The requirements of Paragraph 19(3) of Appendix 12 of the Rules on the Offer of Securities and Continuing Obligations regarding the disclosure of financial details, fees, prices and procedures related to the delivery of purchases and time periods for certain lease agreements and the identities of certain of the Company's customers and suppliers under the Company's material agreements and financing agreements.

b. Waiver from the requirements of Article 23(6)(b) of the Rules on the Offer of Securities and Continuing Obligations, which stipulates that an application for the registration and offer of securities may not be submitted if the Issuer makes substantial structural changes until at least one financial year has passed from the date of completion of the implementation of the relevant change.

18. Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of securities and an application to the Exchange to list the shares in accordance with the Rules on the Offer of Securities and Continuing Obligations and the Listing Rules. All Subscribers must read the subscription terms and conditions carefully before completing the Subscription Application Form. Signing the Subscription Application Form and submitting it to any of the Receiving Agents or Bookrunners is deemed acceptance of and approval of the aforementioned subscription terms and conditions.

18.1 Subscription to Offer Shares

The Offering will consist of 51,255,568 ordinary shares at an Offer Price of SAR 80, inclusive of a fully paid nominal value of SAR 10 per share. The Offer Shares represent 30% of the Company's post-Offering capital. The total value of the Offering is SAR 4,100,445,440. The Offering to Individual Subscribers and the subsequent listing of the Company's shares is conditional on the successful subscription of the Participating Parties for the entire Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during such period. The CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change occurs with respect to the Company's operations.

The Offering is restricted to the following two tranches of investors:

Tranche A - Participating Parties: This tranche includes a number of parties entitled to participate in the book building process as per the Book Building Instructions (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be provisionally allocated to the Participating Parties is 51,255,568 Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers (as defined in Tranche B below) subscribe for the full number of Offer Shares allocated thereto, the Financial Advisors, in coordination with the Company, shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of 41,004,454Offer Shares, representing 80% of the total Offer Shares. The number and percentage of Offer Shares that will be allocated to the Participating Parties will be determined by the Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. Certain Participating Parties may not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors.

Tranche B - Individual Subscribers: This tranche comprises Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, in addition to any A non-Saudi resident in the Kingdom and citizens of the GCC countries who have an investment account and an active portfolio with one of the receiving entities, and who are entitled to open an investment account with a Capital Market Institution. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of 10,251,114 Offer Shares, equivalent to 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Shares allocated thereto, the Financial Advisors, in coordination with the Company, may reduce the number of Offer Shares allocated to Individual Subscribers in proportion to the number of Offer Shares to which they subscribed.

18.2 Offering Period

Three (3) days commencing on Wednesday 01/12/1446H (corresponding to 28/05/2025G), and by mid of Sunday 05/12/1446H (corresponding to 01/06/2025G).

18.3 Subscription Conditions and Method for Each Category of Target Investors

18.3.1 Book-Building for Participating Parties

a. The price range will be determined during the book building process and will be made available to all Participating Parties by the Company's Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. Certain Participating Parties may not be allocated any shares, as deemed appropriate by the Financial Advisors in coordination with the Company.

b. Each Participating Party must submit requests to participate in the book-building process by filling out Bid Forms which will be made available by the Bookrunner. Participating Parties may amend or cancel their applications at any time during the book building period, provided that changes to applications are made by submitting an amended Bid Form or a supplementary Application Form (as applicable) prior to determination of the Offer Price, which will take place before the start of the Offering Period. The number of Offer Shares to be subscribed for by each Participating Party shall neither be less than 100,000 shares nor more than 8,542,593 shares. With respect to public funds only, the number of Offer Shares shall not exceed the maximum limit per participating public fund, which shall be determined in accordance with the Book Building Instructions. The number of requested shares must be subject to allocation. The Bookrunner shall notify the Participating Parties of the Offer Price and the number of Offer Shares provisionally allocated thereto. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the subscription terms and conditions detailed in the Subscription Applications Forms.

c. Following completion of the book building process for Participating Parties, the Financial Advisors will announce the percentage of coverage by Participating Parties.

d. The Financial Advisors and the Company will have the authority to determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement and the subscription price is in accordance with the tick size applied by the Stock Exchange.

18.3.2 Subscription by Individual Subscribers

Each Individual Subscriber shall subscribe for a minimum of 10 Offer Shares and a maximum of 250,000 Offer Shares. Changes to or withdrawal of Subscription Application Forms shall not be permitted once they have been submitted.

Individual Subscribers who wish to subscribe in the Offer Shares must submit an online subscription application through the websites and online platforms of the Receiving Agents which offer such service to Individual Subscribers, or through any other method offered by the Receiving Agents through which Individual Subscribers may subscribe in the Company's Shares during the Offering Period, provided that.:

- the Individual Subscriber has an investment account and an active portfolio at a Capital Market Institution which offers such services;
- no changes have been made to the Individual Subscriber's personal information since their subscription in a recent IPO; and
- Individual Subscribers who are not Saudi or GCC nationals must have an investment account and active portfolio with one of the Capital Market Institutions that offer such service.

A signed Subscription Application Form and its submission to the Receiving Agents constitutes a binding agreement between the Selling Shareholders, the Company and the relevant Individual Subscriber submitting the application.

Individual Subscribers may obtain a copy of this Prospectus from the websites of the following Receiving Agents (copies of the Prospectus are also available on the websites of the CMA, the Financial Advisors and the Company):

BSF Capital King Fahd Road Al Olaya 8092 P.O. Box 23454, Riyadh 3735 - 12313 Kingdom of Saudi Arabia Tel.: +966 11 2826666 Fax: +966 11 2826823 E-mail: IPO_BSFC@BSFCapital.sa Website: www.bsf.com.sa	BSF Capital
Al Rajhi Capital Company (Al Rajhi Capital) Headquarters, King Fahd Road, Almurooj District P.O. Box 5561, Riyadh 12263 Kingdom of Saudi Arabia Tel.: +966 920005856 Fax: +966 11 4600625 E-mail: InvestmentBankingTeam@alrajhi-capital.com Website: www.alrajhi-capital.com	الراجحي المالية alrajhi capital

SNB Capital Company King Saud Road, Al Murabbaa District - Building No. 7347 P.O. Box 2575, Riyadh 12624 Kingdom of Saudi Arabia Tel.: +966 920000232 Fax: +966 11 4060052 E-mail: snbc.cm@alahlicapital.com.sa Website: www.alahlicapital.com	SNB كابيتال
Riyad Capital Company 2414 - Al Shuhada District, Unit No. 69 P.O. Box 13241 Riyadh 7279 Kingdom of Saudi Arabia Tel.: +966 11 4865649 Fax: +966 11 4865908 E-mail: ask@riyadcapital.com Website: www.riyadcapital.com	الرياض المالية Riyad Capital
Al Bilad Investment Company Riyadh - King Fahd Road - Olaya District – 12313 - 3701 Kingdom of Saudi Arabia Tel.: +966 920003636 Fax: +966 11 2906299 E-mail: investmentbanking@albilad-capital.com Website: www.albilad-capital.com	البلاد المالية Albilad Capital
Al Jazira Financial Markets Company (Al Jazira Capital) King Fahd Road - Al Rahmaniyah District P.O. Box. 20438 Riyadh 11455 Kingdom of Saudi Arabia Tel.: +966 11 2256000 Fax: +966 11 2256182 E-mail: contactus@aljaziracapital.com.sa Website: www.aljaziracapital.com.sa	الجزيرة كابيتال ALJAZIRA CAPITAL الجزيرة للأسواق المالية
Investment Securities and Brokerage Company Riyadh, King Fahd Road Kingdom of Saudi Arabia P.O. Box 6888, Riyadh 11452 Tel.: +966 11 2547666 Fax: +966 11 4896253 E-mail: WebEcare@icap.com.sa Website: www.alistithmarcapital.com	الاستثمار كابيتال Alistithmar Capital
Derayah Financial Company Altakhassusi Street - Prestige Center - Third Floor Riyadh, Kingdom of Saudi Arabia Tel.: +966 11 2998000 Fax: +966 11 4195498 E-mail: support@derayah.com Website: www.derayah.com	دراية derayah
Alinma Investment Company Al Anoud Tower 2, King Fahad Road P.O. Box 55560, Riyadh 11554 Kingdom of Saudi Arabia Tel.: +966 11 218 5999 Fax: +966 11 218 5970 E-mail: info@alinmainvest.com Website: www.alinmainvestment.com	الإنماء المالية alinma capital

Al-Arabi Capital Company (anb Capital) Al-Arabi Capital Company Building, King Faisal Street P.O. Box 220009 Riyadh 11311 Kingdom of Saudi Arabia Tel.: +966 11 406 2500 Fax: +966 11 406 2548 E-mail: investment.banking@anbcapital.com.sa Website: www.anbcapital.com.sa	
Yaqeen Capital Company (Yaqeen Capital) Al Worood District - Olaya Street P.O. Box 884, Riyadh 11421 Kingdom of Saudi Arabia Tel.: +966 800 4298888 Fax: +966 11 2054827 E-mail: addingvalue@yaqeen.sa Website: www.yaqeen.sa	
Alkhabeer Capital Company Madinah Street, Jeddah P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia Tel.: +966 12 6129345 Fax: +966 12 6856663 E-mail: info@alkhabeer.com Website: www.alkhabeer.com	
Al Awal Investment Company (SAB Invest) Olaya Street P.O. Box 1467, Riyadh 11431 Kingdom of Saudi Arabia Tel.: 8001242442 Fax: +966 12 2169102 Email: customercare@sabinvest.com Website: www.sabinvest.com	
Sahm Capital Company (Sahm Capital) King Abdullah Financial District, Tower 305, Riyadh 13519 Kingdom of Saudi Arabia Tel.: +966 11 414 5260 E-mail: info@sahmcapital.com Website: www.sahmcapital.com	
GIB Capital Building No. B1, Granada Business & Residential Park Eastern Ring Road P.O. Box 89589, Riyadh 11692 Kingdom of Saudi Arabia Tel.: +966 800 124 0121 Fax: +966 11 834 8400 E-mail: www.gibcapital.com Website: customercare@gibcapital.com	

18.3.3 Offering Period and Conditions for Individual Subscribers

The Receiving Agents will begin accepting Subscription Application Forms, from Wednesday 01/12/1446H (corresponding to 28/05/2025G) until mid day of Sunday 05/12/1446H (corresponding to 01/06/2025G). Once the Subscription Application is signed and submitted, the Receiving Agent will stamp it and provide the Individual Subscriber with a copy of the completed Subscription Application Form. If the information provided in the Subscription Application Form is incomplete or incorrect, or if it is not stamped by the Receiving Agent, the Subscription Application Form will be deemed null and void and the Individual Subscriber may not claim any compensation for any damage resulting from such cancellation.

Individual Subscribers who to subscribe in the Offer Shares must submit online subscription application through the websites and online platforms of the Receiving Agents which offer such service to Individual Subscribers, or through any other method offered by the Receiving Agents through which Individual Subscribers may subscribe in the Company's Shares during the Offering Period, and Individual Subscribers must specify the number of Shares they wish to subscribe for. The total subscription amount shall be the product of the number of Shares subscribed for multiplied by the Offer Price of SAR 80 per Share.

Subscriptions of Individual Subscribers for less than 10 Shares or fractional Shares will not be accepted. Any subscription for Shares above this amount must be in increments of this number. The maximum subscription limit is 250,000 Offer Shares.

The Individual Subscriber must fulfill and finalize all subscription requirements set out in this Prospectus, and accept all relevant terms and conditions. The Company and Lead Manager have the right to partially or fully refuse any subscription application where any of the subscription terms and conditions are not satisfied, or where the necessary instructions are not followed. No amendments to a Subscription Application Form may be implemented or withdrawn after it has been received without the Lead Manager's approval, given that upon its completion, the Subscription Application Form constitutes a binding legal agreement between the Company, the Selling Shareholders and the Individual Subscriber.

18.4 Allocation and Refund of Excess Subscription Monies

The Bookrunner, Lead Manager and Receiving Agents shall open and operate an escrow account for the purpose of depositing and holding subscription monies collected from the Participating Parties and Receiving Agents (on behalf of Individual Subscribers). Each Receiving Agent shall deposit the amounts it has collected from Individual Subscribers in the aforementioned escrow account.

The Lead Manager or Receiving Agents (as the case may be) will notify Subscribers of the final number of Offer Shares allocated to each of them along with the amounts to be refunded. Excess subscription monies, if any, will be refunded to Subscribers in full without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation shall be no later than Tuesday 07/12/1446H (corresponding to 03/06/2025G) and refund of excess subscription monies (if any) will be made no later than Thursday 09/12/1446H (corresponding to 05/06/2025G). Subscribers should contact the Lead Manager or any of the Receiving Agent for further details.

18.4.1 Allocation of Offer Shares to Participating Parties

Allocation of the Offer Shares to Participating Parties shall be determined as deemed appropriate by the Financial Advisors, in coordination with the Company, using the discretionary allocation mechanism. This shall take place following allocation of the Offer Shares to Individual Subscribers, provided that the number of Offer Shares provisionally allocated to Participating Parties is not less than 51,255,568 Offer Shares, representing 100% of the Offer Shares, and the final allocation to Participating Parties is not less than 41,004,454Offer Shares as a minimum, representing 80% of the Offer Shares.

18.4.2 Allocation of Offer Shares to Individual Subscribers

A maximum of 10,251,114 ordinary Offer Shares, equivalent to 20% of the total Offer Shares, will be allocated to Individual Subscribers. The minimum allocation per Individual Subscriber is 10 shares, while the maximum allocation per Individual Subscriber is 250,000 shares. The balance of Offer Shares (if any) will be allocated pro-rata based on the number of Offer Shares applied for by each Individual Subscriber to the total Offer Shares applied for. In the event that the number of Individual Subscribers exceeds 1,025,111, the Company shall not guarantee the minimum allocation. In such case, the allocation will be determined at the discretion of the Financial Advisors, in coordination with the Company Excess subscription monies, if any, will be refunded to Individual Subscribers without any commissions or deductions by the Receiving Agents.

18.5 Circumstances Where the Listing May Be Suspended or Canceled

18.5.1 Power to Suspend or Cancel the Listing

a. The CMA may suspend the trading of shares or cancel the listing at any time it deems fit, in any of the following circumstances:

   1. The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
   2. The Company fails, in a manner which the CMA considers material, to comply with Capital Market Law, its Implementing Regulations or the Exchange Rules.
   3. The Company fails to pay any fees due to the CMA or the Exchange or any fines due to the CMA on time.
   4. The CMA considers that the Company or its business, the level of its operations or its assets are no longer suitable for the continued listing of its shares on the Exchange.
   5. When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the target and the CMA is satisfied, following the Company's announcement, that there will be sufficient information available to the public regarding the proposed reverse takeover transaction, the CMA may decide not to suspend trading at this stage.
   6. When information regarding a proposed reverse takeover transaction is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
   7. When an application for the financial restructuring of the Company is registered with the court if its accumulated losses are 50% or more of its capital in accordance with the Bankruptcy Law.
   8. When an application to commence a bankruptcy proceeding or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law.
   9. Upon issuance of a final judgment terminating the financial restructuring and initiating the administrative liquidation of the Company in accordance with the Bankruptcy Law.
   10. Upon issuance of a final judgment initiating a liquidation procedure or an administrative liquidation procedure of the Company before the court under the Bankruptcy Law.

b. Lifting of the trading suspension imposed under Paragraph (a) above is subject to the following considerations:

   1. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors.
   2. The lifting of the suspension being unlikely to affect the normal activity of the Exchange.
   3. The Company complying with any other conditions that the CMA may require.
   4. Upon the issuance of a final court judgment initiating the financial reorganization of the Issuer pursuant to the Bankruptcy Law, unless the Issuer has been suspended from carrying out its activities by the relevant competent authority, if the suspension is made in accordance with Subparagraph (a)(7) above.
   5. Upon the issuance of a final court judgment refusing to initiate a liquidation proceeding or administrative liquidation proceeding pursuant to the Bankruptcy Law, unless the Issuer has been suspended from carrying out its activities by the relevant competent authority, if the suspension is made in accordance with Subparagraph (a)(8) above.

c. The Exchange shall suspend trading of the Company's securities in any of the following cases:

   1. When the Company does not comply with the deadlines for the disclosure of its periodic financial information specified in the Rules on the Offer of Securities and Continuous Obligations, until the disclosure thereof.
   2. When the Auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing an opinion, until the opposing opinion or abstention from expressing an opinion is removed.

3. If the liquidity requirements in Parts 2 and 8 of the Listing Rules are not met after listing within the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.
4. Upon the issuance of a resolution by an Extraordinary General Assembly of the Company to reduce its capital, for the two trading days following the issuance of such resolution.

d. The Exchange shall remove the suspension referred to in Paragraph (c)1 and 2 above after the lapse of one trading session following the end of the suspension circumstances. In the event that over-the-counter trading of the Company's shares is permitted, the Exchange shall remove the suspension within a period not exceeding five (5) trading sessions after the end of the suspension circumstances.

e. The Exchange may, at any time, propose to the CMA to suspend trading or cancel its listing if it believes that any of the cases mentioned in Paragraph (a) above is likely to occur.

f. The Company must continue to abide by the Capital Market Law, its Implementing Regulations and the Exchange Rules even if trading of its securities has been suspended.

g. In the event that the listing suspension continues for 6 months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's listing.

h. Upon the Company's completion of a reverse takeover, the Company's shares shall be de-listed. If the Company wishes to re-list its shares, it must submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

i. This above paragraphs shall not prejudice the suspension of trading and cancellation of listing resulting from the Company's losses based on the relevant Implementing Regulations and Exchange Rules.

18.5.2 Voluntary Cancellation of Listing

a. After its securities have been listed, the Company may not cancel the listing of its securities on the Exchange without the prior approval of the CMA. To obtain the CMA's approval, the Company must submit a cancellation application to the CMA along with a simultaneous notice to the Exchange. The application must include the following:

1. Specific reasons for the cancellation request.
2. A copy of the disclosure described in Paragraph (d) below.
3. A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company.
4. The names and contact information of the Financial and Legal Advisors appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b. The CMA may, at its discretion, approve or reject the cancellation request.

c. The Company must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining the CMA's approval.

d. When the cancellation is made at the Company's request, the Company must disclose such to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

18.5.3 Temporary Trading Suspension

a. The Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the CML, its Implementing Regulations or the Exchange Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend trading of the securities of that company immediately upon receiving such request.

b. When trading is temporarily suspended at the Company's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period, the nature of the event that caused it, and the extent to which it affects the Company's activities.

c. The CMA may impose a temporary trading suspension without a request from the Company where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with the CML, its Implementing Regulations and the Exchange Rules.

d. A temporary trading suspension will be lifted following the lapse of the period referred to in the disclosure specified in Paragraph (b) above, unless the CMA or the Exchange decide otherwise.

e. The Exchange may propose that the CMA exercise its authorities under Paragraph (c) above if finds that there is information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

18.5.4 Lifting of the Suspension

Lifting of the trading suspension imposed pursuant to Paragraph (a) of Section 18.5.1 "**Power to Suspend or Cancel the Listing**" of this Prospectus is subject to the following considerations:

a. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors.

b. The lifting of the suspension being unlikely to affect the normal activity of the Exchange.

c. The Company complying with any other conditions that the CMA may require.

In the event that the listing suspension continues for 6 months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the Company's listing.

18.6 Approvals and Decisions Under which the Offer Shares are Offered

The following are the decisions and approvals under which the Offer Shares are offered:

a. The Company's Board of Directors' resolution recommending to the General Assembly to approve the offering of shares for public subscription, dated 11/11/1445H (corresponding to 19/05/2024G).

b. The General Assembly's approval of the Offering, issued on 19/12/1445H (corresponding to 25/06/2024G).

c. The CMA's approval of the Offering, dated on 26/09/1446H (corresponding to 26/03/2025G).

d. Saudi Tadawul Group's conditional approval of the listing, dated 22/05/1446H (corresponding to 24/11/2024G).

18.7 Lock-up Period

The Substantial Shareholders may not dispose of their shares for a period of 6 months from the date on which trading of the Offer Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders may dispose of their shares without the prior approval of the CMA.

18.8 Subscription Declarations

By completing and delivering the Subscription Application Form, each Subscriber:

a. Agrees to subscribe for the number of Offer Shares specified in the Subscription Application Form.

b. Warrants that they have read, carefully examined and understood this Prospectus and all of its contents.

c. Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes for the Offer Shares accordingly.

d. Declares that neither themselves, nor any of their family members included in the Subscription Application Form, have previously subscribed for any shares and that the Company has the right to reject any or all duplicate applications.

e. Accepts the number of Offer Shares allocated to them (to the maximum of the amount subscribed for) as per the Subscription Application Form.

f. Warrants not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or Receiving Agent.

Allocation and refund of excess subscription monies shall be made as detailed in Section 18.4 "**Allocation and Refund of Excess Subscription Monies**" of this Prospectus.

18.9 Share Register and Trading Arrangements

The Depository Center shall maintain a Shareholder register containing the names, nationalities, addresses and professions of Shareholders, the Shares held by them and the amounts paid for such Shares.

18.10 Saudi Exchange

In 1990G, full electronic trading of shares in the Kingdom was introduced. The Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. These times are subject to change during the month of Ramadan as announced by Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., share ownership transfer takes place two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important to investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

18.11 Securities Depository Center Company (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G as a closed joint-stock company fully owned by Saudi Tadawul Group (Tadawul) with a capital of SAR 400,000,000, divided into 40,000,000 shares with a nominal value of SAR 10 per share, pursuant to the CMA's approval of Saudi Tadawul Group's board of directors' request to convert the Securities Depository Center into an independent joint-stock company in accordance with the Capital Market Law. The activities of the Securities Depository Center include the deposit of securities, registration of ownership, transfer, settlement and clearing of securities, and registration of any ownership restrictions on deposited securities. The Securities Depository Center is responsible for depositing and maintaining the records of securities issuers, organizing general assemblies of issuers, including providing remote voting services for such assemblies, and providing reports, notices and information. Additionally, the Securities Depository Center may provide any other service related to its activities that it deems necessary, in accordance with the Capital Market Law and its Implementing Regulations.

18.12 Trading of Company's Shares

Trading of the shares is expected to commence after final allocation and the announcement of the start date of trading of the Company's shares by Tadawul. Following listing, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Qualified Foreign Investors shall also be able to trade in the Company's shares in accordance with the Rules for Foreign Investment in Securities. Non-GCC individual Foreign Investors residing outside the Kingdom and non-GCC institutions registered outside the Kingdom are entitled to invest indirectly to obtain the economic benefits of shares through entering into swap agreements. This allows them to acquire the economic benefits of shares by entering into swap agreements with a Capital Market Institution, subject to the applicable rules and regulations. The Capital Market Institutions will hold and trade in the Shares on the Exchange on behalf of foreign non-GCC investors. It should be noted that the Authorized Persons shall be deemed the legal owners of the Shares under the swap agreements.

Furthermore, Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered, and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities shall be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

18.13 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto may be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been issued in both Arabic and English languages. The Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic texts, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus or the sale of the Offer Shares is expressly prohibited to any person in any country other than the Kingdom, with the exception of foreign financial institutions, subject to the applicable rules and regulations. Specifically, certain Qualified Foreign Investors and Foreign Investors located outside the United States may participate pursuant to swap agreements with Capital Market Institutions, licensed by CMA to deal in securities, to purchase and trade in the Shares listed on the Stock Exchange for the benefit of Foreign Investors in accordance with the Rules for Foreign Investment in Securities. Subscriptions by this category of investors will be conducted outside the United States in accordance with Regulation S under the U.S. Securities Act. The Offer Shares have not been and will not be registered under the U.S. Securities Act or under any other law in the United States. The Offering is a public subscription for the purpose of the Offer Shares to be offered within the Kingdom. The Offering may not be considered an offer to sell securities or solicitation of an offer to purchase them in any country where it is not legal to do so. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before the end of the Offering, the Company becomes aware that: (a) there has been a significant change in material matters contained in the Prospectus, any document required by the Rules on the Offer of Securities and Continuing Obligations or the Listing Rules; or (b) significant matters have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, as well as other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

19. Documents Available for Inspection

The following documents will be available for inspection at the Company's headquarters located at 8018 - Unit No. 6, 4040 Abu Bakr Al Siddiq Road, Al-Rabie District, P.O. Box. 305161, Riyadh 13316, Kingdom of Saudi Arabia, between 10:00 a.m. and 15:00 p.m. commencing on Monday 07/11/1446H (corresponding to 05/05/2025G) until Sunday 05/12/1446H (corresponding to 01/06/2025G), for a period of at least twenty (20) days prior to the end of the Offering Period:

a. The CMA's approval of the Offering, dated 26/09/1446H (corresponding to 26/03/2025G).
b. Saudi Tadawul Group's conditional approval of the listing, dated 22/05/1446H (corresponding to 24/11/2024G).
c. The Company's Board of Directors' resolution recommending to the General Assembly to approve the Offering of the shares for public subscription, dated 11/11/1445H (corresponding to 19/05/2024G).
d. The Company's General Assembly resolution approving the Offering, dated 19/12/1445H (corresponding to 25/06/2024G).
e. The Company's Bylaws and amendments thereto.
f. The Company's Articles of Association and amendments thereto.
g. The Company's commercial registration certificate issued by the Ministry of Commerce.
h. The Company's audited financial statements for the financial year ended 31 December 2021G and the reissued audited financial statements for the financial years ended 31 December 2022G and 2023G and the audited financial statements for the financial year ended 31 December 2024G, along with the accompanying notes thereto.
i. The unaudited summary interim financial information for the nine-month period ended 30 September 2024G and along with the notes thereto.
j. A document explaining the mechanism used to arrive at the price range used for the book-building process or a valuation report.
k. The Market Study prepared by the Market Consultant.
l. All other reports, letters, documents, valuations and data prepared by any expert included or referred to in whole or in part within this Prospectus.
m. The contracts and agreements disclosed in Section 13.4 "**Material Agreements**" and Section 13.6 "**Transactions and Contracts with Related Parties**" of this Prospectus.
n. Letters of consent from each of:

    1. The Financial Advisor, Lead Manager, Bookrunner and Underwriter (Goldman Sachs Saudi Arabia) for the inclusion of its name and logo in this Prospectus.
    2. The Financial Advisor, Lead Manager, Bookrunner and Underwriter (BSF Capital) for the inclusion of its name and logo in this Prospectus.
    3. The Financial Advisor, Bookrunner and Underwriter (Morgan Stanley Saudi Arabia) for the inclusion of its name and logo in this Prospectus.
    4. The Bookrunner (Emirates NBD Capital KSA) for the inclusion of its name and logo in this Prospectus.
    5. The Bookrunner (Al Rajhi Capital) for the inclusion of its name and logo in this Prospectus.
    6. The Bookrunner (Citigroup Saudi Arabia) for the inclusion of its name and logo in this Prospectus.
    7. The Bookrunner (anb capital) for the inclusion of its name and logo in this Prospectus.
    8. The Legal Advisor (The Law Firm of Latham & Watkins) for the inclusion of its name, logo and statement in this Prospectus.
    9. The Legal Advisor to the Financial Advisors, Lead Managers, Bookrunners and Underwriters (Gibson Dunn and Crutcher Law Firm) for the inclusion of its name and logo in this Prospectus.
    10. The Financial Due Diligence Advisor (KPMG Professional Consulting) for the inclusion of its name, logo and statement in this Prospectus.
    11. The Independent Auditor (PricewaterhouseCoopers Public Accountants) for the inclusion of its name, logo, statement and the audit reports in this Prospectus.
    12. The Market Consultant (A.T. Kearney Saudi Arabia Limited) for the inclusion of its name, logo and statements in this Prospectus.

o. A document summarizing the forward-looking statements and projections regarding the Company's expected future financial performance.


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20. Financial Statements and Independent Auditor's Report

This section contains the audited financial statements for the financial year ended 31 December 2021G and the audited reissued financial statements for the financial years ended 31 December 2022G and 2023G and the audited financial statements for the financial year ended 31 December 2024G, together with the accompanying notes thereto, in addition to the unaudited condensed interim financial information for the nine-month period ended 30 September 2024G, along with the accompanying notes thereto.

FLYNAS COMPANY

(A Joint Stock Company)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024G

AND INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Flynas Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Flynas Company (the "Company") as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers Public Accountants (professional limited liability company), CR No. 1010371622, capital of 500,000 SAR, national address: 2239 Al Urubah Rd, Al Olaya District, postal code 12214, secondary number 9597, Riyadh, Kingdom of Saudi Arabia, physical address: Kingdom Tower, floor 24.
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Independent auditor's report to the shareholders of Flynas Company (continued)

Responsibilities of management and those charged with governance for the financial statements (continued)

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 the 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 Company'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 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 Company to cease to continue as a going concern.

Independent auditor's report to the shareholders of Flynas Company (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559

April 22, 2025

3

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

	Note	As at December 31,	
		2024G	2023G
Assets			
Non-current assets			
Intangible asset	7	**2,000,000,000**	2,000,000,000
Equipment and fixtures	5	**1,537,308,381**	1,167,563,711
Right-of-use assets	6	**7,830,739,267**	7,676,084,867
Deposits for aircraft	9	**37,500,760**	55,269,056
Total non-current assets		**11,405,548,408**	10,898,917,634
Current assets			
Stores and spares	8	**2,596,940**	3,171,659
Deposits for aircraft	9	**9,063,750**	36,136,390
Trade receivables	10	**238,566,986**	299,667,603
Prepayments and other current assets	11	**117,381,671**	120,029,722
Bank deposits	12	**56,250,000**	56,250,000
Cash and cash equivalents	12	**1,700,326,378**	1,450,488,399
Total current assets	2.2	**2,124,185,725**	1,965,743,773
Total assets		**13,529,734,133**	12,864,661,407
Equity and liabilities			
Equity			
Share capital	13	**1,534,250,000**	1,534,250,000
Statutory reserves	14	**43,500,959**	150,000
Retained earnings / (Accumulated losses)		**65,295,300**	(308,282,478)
Total / Net equity		**1,643,046,259**	1,226,117,522
Liabilities			
Non-current liabilities			
Trade and other payables	15	**-**	123,972,663
Lease liabilities	16	**5,305,802,553**	4,984,401,959
Aircraft related provisions	17	**3,099,020,390**	2,666,603,385
Loans	19	**100,743,750**	425,231,250
Employees' end of service benefits liabilities	20	**267,868,028**	231,501,803
Total non-current liabilities		**8,773,434,721**	8,431,711,060
Current liabilities			
Trade and other payables	15	**1,558,341,586**	1,754,490,601
Lease liabilities	16	**507,661,044**	540,647,907
Aircraft related provisions	17	**297,794,229**	157,015,745
Loans	19	**324,487,500**	419,487,500
Contract liabilities	18	**424,968,794**	335,191,072
Total current liabilities	2.2	**3,113,253,153**	3,206,832,825
Total liabilities		**11,886,687,874**	11,638,543,885
Total equity and liabilities		**13,529,734,133**	12,864,661,407

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY

(A Joint Stock Company)

Statement of profit or loss and other comprehensive income

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2024G	2023G
Revenue	22	**7,556,068,990**	6,362,172,495
Cost of revenue	23	**(6,087,565,506)**	(5,456,371,017)
Gross profit		**1,468,503,484**	905,801,478
Selling and marketing expenses	24	**(252,169,264)**	(196,745,521)
General and administrative expenses	25	**(257,828,584)**	(114,895,482)
Provision for expected credit losses	10.1, 11.1	**(26,311,879)**	(15,437)
Gain on sale of equipment and fixtures	5.2.1	**130,670,897**	283,165,113
Net foreign exchange loss		**(17,753,376)**	(8,281,593)
Operating profit		**1,045,111,278**	869,028,558
Finance income	26	**104,514,865**	51,887,547
Finance cost	27	**(692,933,934)**	(503,021,183)
Profit before zakat		**456,692,209**	417,894,922
Zakat expense	21	**(23,182,615)**	(16,548,826)
Profit for the year		**433,509,594**	401,346,096
Other comprehensive (loss) / income			
Items that will not to be reclassified to statement of income in subsequent periods:			
Remeasurement (loss) income on employees' end of service benefits liabilities	20.4	**(16,580,857)**	(14,459,472)
Total comprehensive income for the year		**416,928,737**	386,886,624
Earnings per share from profit attributable to the shareholders			
Basic and diluted earnings per share	34	**2.99**	2.77

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY

(A Joint Stock Company)

Statement of changes in equity

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserves	(Accumulated losses) / Retained earnings	Net equity
At January 1, 2023G	**1,534,250,000**	**150,000**	**(695,169,102)**	**839,230,898**
Profit for the year	-	-	401,346,096	401,346,096
Other comprehensive loss for the year	-	-	(14,459,472)	(14,459,472)
Total comprehensive income for the year	**-**	**-**	**386,886,624**	**386,886,624**
At December 31, 2023G	1,534,250,000	150,000	(308,282,478)	1,226,117,522
At January 1, 2024G	1,534,250,000	150,000	(308,282,478)	1,226,117,522
Profit for the year	-	-	433,509,594	433,509,594
Other comprehensive loss for the year	-	-	(16,580,857)	(16,580,857)
Total comprehensive income for the year	**-**	**-**	**416,928,737**	**416,928,737**
Transfer to statutory reserve	**-**	**43,350,959**	**(43,350,959)**	**-**
At December 31, 2024G	**1,534,250,000**	**43,500,959**	**65,295,300**	**1,643,046,259**

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY
(A Joint Stock Company)
Statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2024G	2023G
Cash flows from operating activities			
Profit for the year before zakat		**456,692,209**	417,894,922
Adjustments for:			
Depreciation on equipment and fixtures	5	**48,251,345**	63,787,323
Depreciation on right-of-use assets	6	**1,084,686,363**	726,927,683
Provision for employees' end of service benefits liability	20.4	**43,495,296**	35,135,698
Finance income	26	**(104,514,865)**	(51,887,547)
Finance cost	27	**692,933,934**	503,021,183
Gain on sale of equipment and fixtures	5.2.1	**(130,670,897)**	(283,165,113)
Provision for expected credit losses	10.1, 11.1	**26,311,879**	15,437
		2,117,185,264	1,411,729,586
Operating cash flows before working capital changes			
Stores and spares		**574,719**	317,927
Deposits for aircraft		**44,840,906**	1,469,897
Trade receivables		**34,788,739**	(153,734,269)
Prepayments and other current assets		**2,648,051**	(30,785,060)
Trade and other payables		**(348,645,027)**	(1,089,150)
Aircraft related provisions		**(61,984,436)**	(100,750,057)
Contract liabilities		**89,777,722**	139,504,940
Operating cash flows generated after changes in working capital		**1,879,185,938**	1,266,663,814
Employees' benefits paid	20.4	**(23,709,928)**	(13,333,654)
Finance income received		**71,615,317**	51,887,547
Net cash flows generated from operating activities		**1,927,091,327**	1,305,217,707
Cash flows from investing activities			
Acquisition of equipment and fixtures excluding pre-delivery payments		**(165,824,580)**	(199,114,681)
Pre-delivery payments made for aircraft		**(549,787,500)**	(310,125,000)
Refund of pre-delivery payments for aircraft		**240,750,000**	370,500,000
Net cashflows associated with acquisition of equipment and fixtures		**(474,862,080)**	(138,739,681)
Investment in bank deposits		**-**	(56,250,000)
Proceeds from manufacturer credits and the sale of equipment and fixtures		**133,084,431**	268,639,676
Net cash flows (used in) / generated from investing activities		**(341,777,649)**	73,649,995
Cash flows from financing activities			
Payment of lease liabilities - principal element	16	**(453,975,655)**	(413,709,047)
Repayment of loan	30.2	**(419,487,500)**	(388,397,448)
Finance cost paid		**(462,012,544)**	(314,593,139)
Net cash flows used in financing activities		**(1,335,475,699)**	(1,116,699,634)
Net increase in cash and cash equivalents		**249,837,979**	262,168,068
Cash and cash equivalents at the beginning of the year		**1,450,488,399**	1,188,320,331
Cash and cash equivalents at the end of the year	12	**1,700,326,378**	1,450,488,399
Supplemental non-cash transactions during the year			
Additions to right-of-use assets	6	**1,205,144,145**	3,352,899,557
Modification to right-of-use assets and lease liabilities	6,16	**34,196,618**	-
Additions to lease liabilities	16	**708,192,768**	2,307,050,187

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the financial statements

For the year ended December 31, 2024G

(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company – A Joint Stock Company (the "Company") was incorporated in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying financial statements includes the accounts of the Company and its following branches:

Sr.No.	CR Number	Type of Branch	Location
1	4030298201	Domestic	Jeddah
2	4031102209	Domestic	Makkah
3	4650083751	Domestic	Al Madinah
4	78989	International	Egypt
5	902689	International	Turkey
6	16/00-0999920 C18	International	Algeria
7	17070	International	Morocco
8	1009004882	Domestic	Riyadh

Pursuant to the Ministry of Commerce and Investment Resolution No. Q/161 dated 02 Jumada AlThani 1438H (corresponding to 1 March 2017), the Company has been converted from a Limited Liability Company to a Single Person Joint Stock Company. Whereby National Air Services – NAS Holding Company owned 100% of the share capital of the Company and is the Ultimate Controlling Party.

On 15 April 2024G, the shareholders of NAS Holding Company approved the distribution of its entire shareholding in Flynas to its shareholders based on their proportional ownership in the NAS Holding Company. Consequently, Flynas ceased to have a controlling party. Effective 14 May 2024G, the 100% shareholding previously held by NAS Holding Company was transferred to its individual shareholders, resulting in the change of Flynas' legal status from a 'Single Person Joint Stock Company' to a 'Joint Stock Company'.

The Company's licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating, managing and maintenance of aircraft.

The Company performs its air transportation services, under the air operating certificate originally issued to the NAS Holding Company by General Authority of Civil Aviation ("GACA") of KSA. During 2015, this air operating certificate was transferred by NAS Holding Company to the Company.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (thereafter referred to as IFRS as endorsed in KSA) and in compliance with the provisions of Regulations for Companies and the Company's By-laws.

2.2 Going concern

As at December 31, 2024G, the Company had net current liabilities of SAR 970 million (2023G: SAR 1,241 million). While this position could suggest liquidity pressure, the Company has consistently demonstrated profitability and positive operating cash flows since 2021G. For the year ended December 31, 2024G, the Company earned a profit of SAR 433.5 million (2023G: SAR 401.3 million), significantly improving retained earnings to SAR 65.3 million (2023G: accumulated losses of SAR 308.3 million).

Furthermore, the net current liability position would improve substantially if contract liabilities of SAR 425 million comprising customer advances expected to convert to revenue in subsequent periods are considered.

Note 30 to the financial statements details the Company's policies for managing capital, liquidity, and financial instrument risks.

The Company also maintains access to an undrawn Murabaha Facility amounting to SAR 1.4 billion (refer to note 19 and note 36), which further enhances its liquidity position. Based on these factors, the Board of Directors is confident that the Company has adequate resources to continue as a going concern for the foreseeable future. Accordingly, the accompanying financial statements have been prepared on a going concern basis.

2.3 Historical cost convention

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated.

2.4 Basis of measurement

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

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

3 Material accounting policies

3.1 Classification of assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2 Equipment and fixtures

Equipment and fixtures including those related to aircraft are stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets, subsequent costs incurred for replacing parts of aircraft equipment, and capitalized borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Pre-delivery payments for the purchase of planes are generally not qualifying assets as it typically takes less than a year for the manufacturer to construct a narrow-body airplane.

Subsequent costs incurred which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of equipment and fixtures.

All repair and maintenance costs are recognized in the statement of profit or loss as incurred except for heavy maintenance expenditures carried out on certain leased and owned assets. Heavy maintenance costs incurred on owned assets which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. For more details on heavy maintenance costs on leased assets refer to Note 3.14 and 3.22.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation is started when the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of its useful life or the lease term. The useful life of the assets are disclosed in note 5.1.

3 Material accounting policies (continued)

3.2 Equipment and fixtures (continued)

An item of equipment and fixtures is tested for impairment if any indicator is identified. Refer to note 3.11 for details.

An item of equipment and fixtures is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of aircraft related equipment and fixtures are reviewed at each reporting period end and adjusted prospectively, if appropriate.

Capital work in progress (CWIP) is not depreciated and is stated at cost less accumulated impairment losses, if any. These assets are transferred to aircraft related equipment and fixtures as and when assets are available for intended use. CWIP also includes pre-delivery payments ("PDPs") which are paid by the Company to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified under CWIP in the statement of financial position. PDPs, when paid, are recorded at historical exchange rates at the date of payment. In instances, where the Company enters in a sale and leaseback arrangements on the date of delivery for any new purchased aircraft with the lessors, any PDPs paid by the Company are refunded back to the Company by the aircraft manufacturer.

From time to time, the Company receives certain credits from manufacturers in connection with the acquisition of aircraft and engines, as compensation for disruption or due to other reasons. Such credits are typically recorded as a reduction to the cost of the related (or future) aircraft and engines.

3.3 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of 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 indefinite useful lives are not amortized, but are tested for impairment either annually or whenever there is an indication that the intangible asset may be impaired, individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

3 Material accounting policies (continued)

3.4 Financial instruments

3.4.1 Financial assets

Classification

The financial assets of the Company comprise of trade receivables, deposits of aircraft, cash and cash equivalents, bank deposits and other receivables. The company classifies its financial assets as those to be measured at amortized costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss "FVTPL" are expensed in the statement of profit or loss.

Subsequent measurement of the financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in the statement of profit or loss. Impairment losses are presented as separate line items in the statement of profit or loss. The Company subsequently measures all its financial assets at amortized costs.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

3 Material accounting policies (continued)

3.4 Financial instruments (continued)

3.4.1 Financial assets (continued)

Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortized cost.

The Company's trade receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 360 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 720 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

The Company applies the general model to measure the credit losses on financial assets other than trade receivables. The identified credit loss from these financial assets are not material.

3.4.2 Financial liabilities

Initial recognition

Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurements

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

3 Material accounting policies (continued)

3.4 Financial instruments (continued)

3.4.3 Offsetting of financial instruments

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

3.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in note 30 to these financial statements.

3.6 Deposits for Aircraft

Deposits for aircraft represent interest free security deposits placed with the leasing companies to secure the obligations of the leased aircraft. The deposits are initially measured at fair value and subsequently carried at amortized costs using the effective interest rate method less any allowance for impairment.

3.7 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

3.8 Stores and spares

Stores and spares consist of consumable items which are not repairable and are consumed by the Company within the ordinary course of its business. Stores and spares are valued at the lower of cost and net realizable value. Cost comprise of invoice prices and related expenses incurred up to the statement of financial position date. Net realizable value consists of the estimated selling price during the normal course of business, net of any other cost required to complete the sale.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

3 Material accounting policies (continued)

3.9 Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand, bank balances and time deposits with original maturities of three months or less. Time deposits with maturities of more than three months but less than one year are classified as bank deposits.

3.10 Employees' benefits

Short-term employee benefits

Short-term employee benefits i.e. wages and salaries including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' end of service benefits

Employees' end of service benefits ("EOSB") are provided for in accordance with the requirements of the Saudi Arabian Labor Law for their period of service with the Company. The provision relating to end of service benefits is disclosed as a non-current liability in the statement of financial position and is calculated by an independent actuary using the Projected Unit Credit Cost method as per IAS 19 'Employee Benefits'. The defined benefit obligation plan is unfunded.

The present value of the defined benefit obligations calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. As KSA does not have a deep corporate bonds market, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows denominated in the currency in which the benefits will be paid. Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of other comprehensive income.

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3 Material accounting policies (continued)

3.11 Impairment of non-financial assets

The Company, at each reporting period, reviews its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

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3 Material accounting policies (continued)

3.12 Revenue recognition

The Company revenue consists of three types of revenue streams: Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty collected on behalf of third parties.

Flynas LCC:

Flynas LCC revenue relates to the main operation of passenger commercial flights. The ticket price consists of the base fare and charges for other ancillary services. The revenue is measured based on the consideration specified in the contract (i.e. ticket) with a customer and excludes amounts collected on behalf of third parties. Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Ancillary Services Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee). These services are provided along with the normal transportation service as an integrated service. The customer can not benefit from the individual service on its own or together with other resources readily available and the customer could not purchase only some of the services while omitting others. Hence, these services are considered to be a single performance obligation.

The Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). The revenue from the services are recognized at a point in time when the service is provided to the customer. This is when customers have accepted to board the flight for each journey and all other flight conditions are fulfilled.

Payments for the tickets are usually received upon booking for individual passengers and on extended credit terms for certain other channels of distribution. Performance obligations are generally satisfied subsequent to payment being received, resulting in contract liability being recorded in the statement of financial position. Amounts received in advance of fulfilling the performance obligation on a flight journey are recognized as contract liability until the service is provided. Any unused tickets are recognized as revenue on a no-show basis. In certain rare circumstances, such as major flight cancellations, the passengers' tickets are extended and can be utilized by the passengers within 1 year from the date of issuance of the ticket.

Further, in case of any changes from the customer on the tickets issued, the Company issues a travel voucher to the passengers. The Company records a liability for any travel vouchers issued by reversing the contract liability recorded on unused tickets and presenting this as a contract liability from travel vouchers in the statement of financial position. The liability is reversed upon the utilization of such travel vouchers and the revenue is recorded by the Company. All travel vouchers have an expiration date of 1 year from the date of issuance.

The management does not recognize any breakage revenue on unused tickets or travel vouchers issued as the impact is not material.

Loyalty program (Nas miles)

The Company operates a frequent flyer programme that provides loyalty miles to programme members based on a mileage credit for flights with the Company and the tier status of each member. The Nas miles have a validity of one year from the month they are earned and these loyalty miles can only be utilized to book flights in the future.

The Company accounts for Nas miles as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Nas miles points based on their fair value and is accounted for as 'Customer loyalty programme" within contract liability. The fair value is determined using estimation techniques that take into account the fair value of Nas miles for which miles could be redeemed. Revenue is recognized in the statement of profit or loss only when the Company fulfills its obligation by supplying Flynas LCC revenue services on the redemption of the miles accrued.

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3 Material accounting policies (continued)

3.12 Revenue recognition (continued)

Flynas Hajj & Umrah:

Special flights for Hajj Season

A part of Flynas Hajj & Umrah revenue relates to the revenue from the operation of special flights for Hajj under the agreements with the governments or the authorized agencies of such governments for transportation of passengers ('Pilgrims') during the Hajj season. The revenue is measured based on the consideration specified in the agreements and excludes amounts collected on behalf of third parties.

The revenue is recognized as the contracted flights occur as per the agreements. Typically, the payment for such services are received in advance and the duration of services provided coincides with the Hajj Season. As such there is no significant financing component in these arrangements.

Hajj Facilitation services during Hajj Season

An element of Flynas Hajj & Umrah revenue also includes Hajj facilitation services provided by the Company as part of Hajj Season for international Pilgrims under an agreement with the Government of Saudi Arabia. The service represents operating flights as a principal and arranging hotel accommodation. The revenue is recognised as the services are provided as per the agreement. The duration of these services is commensurate with duration of special flights flown during Hajj season.

A receivable is recognised when the service has been provided by the Company as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms with the Government are based on commercially agreeable terms.

Flynas General Aviation:

The Flynas General Aviation revenue includes the revenue earned from the provision of charter flights and aviation services to parties under the contract. The charter flight services includes provision of transportation services for a particular volume of air travel over a particular period of time and other related services (such as provision of crew, maintenance of aircraft and other ancillary services) that are considered an integral part of air travel and are not distinct performance obligations. The revenue is measured based on the consideration specified in the contract with the customers and excludes amounts collected on behalf of third parties. The contracts are based on the number of trips or flying hours. Revenue from providing these services is recognised over time as the performance obligation relating to the contracts are fulfilled. The customers are invoiced on a monthly basis and the payment terms for the customer are in accordance with each contract with the customer.

3 Material accounting policies (continued)

3.12 Revenue recognition (continued)

Principal vs agent

The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the good or service.

The Company has concluded that it acts as a principal in all the aforementioned revenue arrangements because it controls the services before transferring them to the customers. For the below revenue arrangements, the Company acts as an agent:

a. The Company under codeshare arrangements:

The Company acts as an agent where it sells air transport tickets under codeshare arrangements for passengers to fly on a codeshare partners aircraft. The Company does not have inventory risk and is not primarily responsible for operating the codeshare partner's flight. In these cases, the Company acts as an agent and recognizes the net margin which is the predefined rate per mile flown.

b. The Company's partnership with hotels, car rental companies, and other travel related services:

The Company has partnership agreements with hotels, car rental companies, duty free shops, insurance companies and other travel related services. In all of these agreements, the Company is not primarily responsible to fulfill customer requirements and does not control any of the goods or services. The Company earns a commission income and recognizes that as the related performance obligations are fulfilled.

The net margin from these arrangements is included within Flynas LCC services.

The Company has applied the practical expedients under IFRS 15 in relation to determining the existence of a significant financing component as the period between the payment for services and the delivery of services and is less than 12 months. In relation to the incremental costs incurred by the Company to obtain a contract such as credit card fees, channels fees, transaction fees. The Company has applied the practical expedient under IFRS 15 and expensed these costs as incurred.

3.13 Contract liabilities

Contract liabilities mainly represents unutilized tickets, customer loyalty miles from the frequent flyer program and deposit from customers. For more information refer to Note 3.12.

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3 Material accounting policies (continued)

3.14 Leases

General Lease Accounting

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset (redelivery cost), less any lease incentives received. Redelivery cost (return condition) represents the estimate of the cost to meet the contractual lease end obligations of the aircraft at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation is recognised and capitalized as part of the right-of-use asset and depreciated over the lease term.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, the useful life and method of the right-of-use assets are mentioned in note 6.2. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability, refer to note 3.11 for more details.

The Company acquires the right to use aircraft and related assets which are manufactured as per bespoke specifications and design, and are delivered mainly through sale and leaseback arrangements. Refer to note 4.1.4 for more details.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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3 Material accounting policies (continued)

3.14 Leases (continued)

General Lease Accounting (continued)

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. These typically relate to wet lease arrangements with third parties that have a lease duration of not more than six-months in connection with the facilitation of Hajj and Umrah operations.

Sale and leaseback transactions:

The Company regularly enters into sale and leaseback transactions. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right-of-use asset and lease liability is recognized. The right-of-use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within aircraft related equipment and fixtures, and a liability is recognized equal to the financing proceeds.

Heavy maintenance accounting:

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components (in case of aircraft engines these essentially relate to replacement of limited life parts and engine performance restoration and other aircraft components such as landing gear and auxiliary power units, etc) during the lease term and to return the aircraft to the lessor in a specified condition at the end of the lease term (return conditions).

The Company has an obligation to return the leased aircraft and their components according to redelivery conditions specified in the lease agreements. If the condition of the aircraft and its components, at the time of redelivery, differs from the agreed redelivery condition, the Company needs to maintain the aircraft and its components so that it meets the agreed conditions or alternatively the lessor may accept compensation for the expense it may incur to restore the aircraft and its components.

At the lease commencement date, the present value of the expected cost of the restoration that the Company is contractually obligated to incur is recognised and capitalized as part of the right-of-use asset and depreciated over the lease term. The expected costs of restoration that is capitalized as part of the right-of-use asset is the minimum unavoidable costs that the Company is contractually obligated to incur which is essentially triggered when the aircraft has carried out its first flight. The corresponding liability is recorded within "Aircraft related Provisions". The liabilities are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

3 Material accounting policies (continued)

3.14 Leases (continued)

Heavy maintenance accounting (continued):

In addition, the Company follows a componentize and depreciate model for its major components (such as engine life limited parts, engine performance restoration, landing gear, auxiliary power units, aircraft related checks, etc). At the inception of the lease, the cost of these significant components are recognised as a separate component in 'Maintenance assets and redelivery cost' within the right-of-use assets and depreciated over its useful economic life at which point the existing components are replaced and the cost of the new component is capitalized.

All other regular maintenance (non-heavy maintenance) are expensed as incurred in the statement of profit or loss.

3.15 Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit or loss over the period of the loans using the effective interest method.

Loans are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

Loans are classified as current liabilities unless, at the end of the reporting period, the Company has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Company is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Company is required to comply with after the reporting period do not affect the classification at the reporting date.

3.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months after the reporting period.

3.17 Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

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

An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company, to assess whether provision is required.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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3 Material accounting policies (continued)

3.18 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). Zakat, for the Company is calculated based on higher of approximate zakat base and adjusted profit and charged to the statement of profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

The Company withholds taxes on certain transactions with non-resident parties in KSA as required under Saudi Arabian Income Tax Law.

3.19 Statutory reserve

In accordance with the Companies Law prior to its amendment and the Company's Bylaws, the Company was historically required to allocate 10% of its annual net income to a statutory reserve, until such reserve reached 30% of the Company's capital. Although the amended Companies Law, effective January 2023G, has removed the mandatory requirement to establish a statutory reserve, it continues to permit companies to voluntarily create reserves in accordance with their Bylaws and with the approval of the general assembly. Accordingly, the Company, in line with its existing Bylaws , has elected to continue setting aside 10% of its net income as a statutory reserve. This approach remains consistent with the current legal framework. The reserve will continue to be presented within equity until such time as the Company formally amends its Bylaws or resolves otherwise through the general assembly.

3.20 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the financial statements date. All differences are recognized in the statement of profit or loss.

3.21 Operating profit /loss

Operating profit / loss is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit /loss excludes finance costs, finance income and other non-operating expenses.

3.22 Routine maintenance and repairs

Maintenance and repair costs for leased aircraft are charged to maintenance and other aircraft costs as incurred, with the exception of maintenance and repair costs related to heavy maintenance expenditures and return conditions on aircraft under lease. Refer to Note 3.14 for details relating to heavy maintenance expenditures.

3.23 Selling and marketing, general and administrative expenses

Selling and marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of providing services and selling and marketing, general and administrative expenses, when required, are made on a consistent basis.

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3 Material accounting policies (continued)

3.24 Interest income or expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income and interest expense is included as finance cost in the statement of profit or loss.

3.25 Government grants

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.26 Segmental Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's relevant business heads (Chief Operating Decision Makers "CODM") which in the Company's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's CODM include three operating segments, being its Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Segment results that are reported to the Company's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The CODM assesses the performance of the business based on the three operational segments and the resource allocation decisions are based on their performance for the relevant period, with the objective in making these resource allocation decisions being to optimize financial results.

Refer to note 22 for details relating to segmental reporting.

3.27 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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4 Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

4.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

4.1.1 Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its business for the foreseeable future. The management has carried out a sensitivity on the resources disclosed in note 2.2 on which it has based its judgment. The management believes that reasonable changes in the resources will not significantly affect the Company's ability to continue as a going concern.

Except as stated in note 2.2 of these financial statements, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

4.1.2 Useful life of AOC

During 2015, NAS Holding Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company. AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations.

AOC has a remaining legal useful life of five years and is renewable at the time of expiry with insignificant cost. The Company intends to renew the AOC continuously and evidence based on past experience supports its ability to do so and any conditions necessary to obtain renewal will be satisfied. An analysis of life cycle studies and market and competitive trends provides evidence that AOC will generate net cash inflows for an indefinite period. Accordingly, the management has applied its judgment and has concluded the useful life of the AOC to be indefinite. The AOC is carried at cost without amortization, but is tested for impairment on an annual basis. See also note 7.

4.1.3 Control on aircraft in a sale and leaseback transactions

The Company regularly enters sale and leaseback transactions with various lessors for its newly purchased aircraft and engines. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right of use asset and lease liability is recognized. The right of use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction.

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4 Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

4.1.3 Control on aircraft in a sale and leaseback transactions (continued)

The Company enters a sale and leaseback transaction with the lessor on the same date it receives delivery of the new aircraft and engines. The Company has applied significant judgment to assess if it has obtained control over the aircraft and engines purchased before it is sold and leased back from the lessor. Under the original terms of the contract with the manufacturer, the Company has the rights and obligation to purchase a specific aircraft and engines. It is purely at the Company's discretion whether to complete the purchase for cash or seek to arrange a lease with a lessor of their choice. In cases where the lease agreement does not include a purchase option, the Company considers itself to have sold the aircraft and engines that it was entitled to, to its chosen lessor and leased it back. Accordingly, the Company considers itself to obtain control of the aircraft and engines prior to entering the lease arrangement with the lessor.

4.1.4 Leases - Heavy maintenance expenditures on return conditions

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The accounting policy for the right of use asset, lease liability, heavy maintenance expenditure incurred during the lease term and the heavy maintenance required as per the return condition is disclosed in Note 3.14.

The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. These are contractual obligations in the lease contract in respect of the return conditions, which require the aircraft to be in a specified condition on their return at the end of the lease term. If the condition at the time of redelivery differs from the agreed redelivery condition, the Company needs to perform maintenance on the asset so that it meets the agreed conditions.

The maintenance costs for return conditions can be divided into two main groups:

- costs that are incurred independent of the usage of the aircraft and
- costs that are incurred dependent on the usage of the aircraft

The Company has applied significant judgment in determining which costs the Company becomes obligated for over time and which exist at commencement of the lease. The Company's leases typically require specified parts to be returned in a full remaining life condition so the obligation to perform the relevant maintenance exists on commencement of the lease as the work has to be performed as a result of the delivery flight.

Major components that are replaced infrequently and overhaul events which occur infrequently are componentized and depreciated separately from the main ROU asset. When the component is replaced or the item is overhauled the previous carrying amount for the component is derecognized and replaced by the cost of the new component. Where the life of a component is the same as the main ROU asset, the component is not separately depreciated.

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4 Significant accounting judgments, estimates and assumptions (continued)

4.2 Assumption and estimation uncertainties

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of indefinite lived assets (AOC)

The Company assesses on an annual basis or more frequently if events or changes in circumstances indicate that the indefinite lived assets of the Company are impaired. The Company assesses whether the carrying value of its indefinite lived assets (AOC) is lower than its recoverable amount. Where the carrying amount of these assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of the indefinite lived assets (AOC) is determined based on the higher of its fair value less costs of disposal or value in use. The management has determined the recoverable amount using the fair value approach. Details relating to the model used by the management in determining the recoverable amount including the key estimates used and the sensitivities relating to these estimates are disclosed within Note 7.

(ii) Measurement of return condition provision

Estimates involved in calculating the provision required include the inflation rates, expected date of the maintenance work, market prices for maintenance checks, the likely utilization of the asset in terms of either flying hours or cycles from the second last event until the redelivery date, and the regulations in relation to extensions to lives of life-limited parts, which form a significant proportion of the cost incurred in these maintenance event.

Assumptions made in respect of the provision for the return condition are reviewed for all aircraft annually. In addition, when further information becomes available which could materially change an estimate made, such as a heavy-duty maintenance check taking place, utilization assumptions changing, or return conditions being re-negotiated, then specific estimates are reviewed immediately, and the liability and right of use asset if applicable is adjusted accordingly. Actual charges may differ from the charges accrued and the differences are accounted for on a prospective basis. Given the uncertainty in forecasting future maintenance requirements, and the associated judgmental nature of the assumptions applied in determining the maintenance costs, management believes that a reasonable combination of changes to these estimates could result in a material movement to the expense recognised and the carrying value of the provision and the right of use of assets recognised. Should the assumptions change by 5%, this will cause a change in the carrying value of the provision and the right of use of assets recognised by SAR 159.1 million (2023G: SAR 141.2 million) and SAR 111.7 million (2023G: SAR 111.5 million) respectively.

(iii) Leases - Discount rate for return conditions provision

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. The liabilities are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

If the discount rate changes by 5%, this will cause a change in the right-of-use of assets by SAR 50 million (2023G: SAR 49 million) and the aircraft related provisions by SAR 74.7 million (2023G: SAR 62.1 million).

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4 Significant accounting judgments, estimates and assumptions (continued)

4.2 Assumption and estimation uncertainties (continued)

(iv) Sale and leaseback fair value

The Company routinely enters into sale and leaseback transactions on new planes added to the fleet. In a sale and leaseback transaction it is necessary to assess whether the sale price and rentals are at fair value or off-market. To the extent that transactions are off-market, adjustments are required by IFRS 16 to return the transaction to market terms. This is achieved by deeming either additional financing to be present or that the lessee made a bullet upfront lease payment, depending on whether the sale price was above or below market prices respectively. These adjustments also affect the profit recorded on the sale and leaseback transaction with a deemed sale at undervalue increasing the profit recorded on the date of the transaction and vice versa.

During the year, the Company recorded gains on sale and leaseback transactions of SAR 130.67 million (2023G: SAR 283.1 million) partially due to adjustment of off-market elements in leases and cash credit from OEMs. If the fair value of the aircraft reduce by 10%, the gain on sale and leaseback transactions would change by SAR 45.7 million (2023G: SAR 99.1 million).

5 Equipment and fixtures

	Note	2024G	2023G
Equipment and fixtures	5.2	**649,821,824**	561,477,662
Capital work in progress (CWIP)	5.3	**887,486,557**	606,086,049
		1,537,308,381	1,167,563,711

5.1 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Number of years
Aircraft equipment *	3 to 20 years
Modification on leased aircraft and leasehold improvements	3 - 5 years or period of lease, whichever is shorter
Furniture and fixtures	3 - 4 years or period of lease, whichever is shorter

* Aircraft equipment consists of owned spare engines, rotable and repairable spare parts.

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5 Equipment and fixtures (continued)

5.2 Equipment and fixtures

	Note	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at January 1, 2023G		394,696,617	34,172,340	1,731,954	430,600,911
Cost					
As at January 1, 2023G		829,032,741	87,055,031	18,337,157	934,424,929
Additions		3,712,536,555	-	5,447,744	3,717,984,299
Disposals	5.2.1	(3,715,200,587)	-	-	(3,715,200,587)
Transfers from CWIP	5.3	189,240,362	-	2,640,000	191,880,362
At December 31, 2023G		1,015,609,071	87,055,031	26,424,901	1,129,089,003
Accumulated depreciation					
As at January 1, 2023G		434,336,124	52,882,691	16,605,203	503,824,018
Charge for the year		56,508,025	4,774,565	2,504,733	63,787,323
At December 31, 2023G		490,844,149	57,657,256	19,109,936	567,611,341
Net book value as at December 31,2023G		524,764,922	29,397,775	7,314,965	561,477,662

	Note	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at January 1, 2024G		**524,764,922**	**29,397,775**	**7,314,965**	**561,477,662**
Cost					
As at January 1, 2024G		**1,015,609,071**	**87,055,031**	**26,424,901**	**1,129,089,003**
Additions		**1,200,197,044**	**-**	**3,700,155**	**1,203,897,199**
Disposals	5.2.1	**(1,196,784,345)**	**-**	**-**	**(1,196,784,345)**
Transfers from CWIP	5.3	**128,732,119**	**-**	**750,534**	**129,482,653**
At December 31, 2024G		**1,147,753,889**	**87,055,031**	**30,875,590**	**1,265,684,510**
Accumulated depreciation					
As at January 1, 2024G		**490,844,149**	**57,657,256**	**19,109,936**	**567,611,341**
Charge for the year		**39,556,991**	**4,687,599**	**4,006,755**	**48,251,345**
At December 31, 2024G		**530,401,140**	**62,344,855**	**23,116,691**	**615,862,686**
Net book value as at December 31,2024G		**617,352,749**	**24,710,176**	**7,758,899**	**649,821,824**

* Included within Aircraft and Aircraft equipment are aircraft purchased and immediately disposed amounting to SAR 1.2 billion (2023G: SAR 3.71 billion) relating to sale and leaseback transactions, refer to 5.2.1 for more details. As at 31 December 2024G and 2023G, the Company does not have any owned aircraft.

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5 Equipment and fixtures (continued)

5.2 Equipment and fixtures (continued)

Depreciation expense breakup	2024G	2023G
Cost of revenue (note 23)	**44,244,590**	61,282,590
General and administrative expenses (note 25)	**4,006,755**	2,504,733
	48,251,345	63,787,323

5.2.1 Sale and leaseback arrangements

During the year, the Company has entered into sale and lease back transaction for newly delivered aircraft that resulted in a cumulative gain of SAR 131 million (2023G: SAR 283 million) that was recognized in the statement of profit or loss.

5.3 Capital work in progress

Capital work in progress as at December 31, 2024G and 2023G consists of advances paid in respect of pre-delivery payment of aircraft amounting to SAR 842.6 million (2023G: SAR 534.8 million) and a spare engine amounting to SAR 25.1 million (2023G: SAR 65.8 million).

5.3.1 Movement in CWIP

	2024G	2023G
January 1,	**606,086,049**	647,485,005
Additions	**651,633,161**	520,981,406
Refunds of Predelivery payments	**(240,750,000)**	(370,500,000)
Transfers to equipment and fixtures	**(129,482,653)**	(191,880,362)
December 31,	**887,486,557**	606,086,049

6 Right-of-use assets

The cost of right-of-use assets is depreciated over a straight-line method over the estimated useful life of the assets based on the period of the lease contracts.

	2024G	2023G
January 1,	**7,676,084,867**	5,050,112,993
Additions	**1,205,144,145**	3,352,899,557
Modifications	**34,196,618**	-
Depreciation	**(1,084,686,363)**	(726,927,683)
December 31,	**7,830,739,267**	7,676,084,867

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6 Right-of-use assets (continued)

6.1 The right-of-use assets are segregated as below:

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at January 1, 2023G	3,889,562,614	89,871,634	1,070,678,745	5,050,112,993
Additions, net	1,959,339,998	10,736,598	1,382,822,961	3,352,899,557
Depreciation	(475,838,352)	(23,241,530)	(227,847,801)	(726,927,683)
At December 31, 2023G	5,373,064,260	77,366,702	2,225,653,905	7,676,084,867

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at January 1, 2024G	**5,373,064,260**	**77,366,702**	**2,225,653,905**	**7,676,084,867**
Additions, net	**762,907,716**	**2,497,051**	**439,739,378**	**1,205,144,145**
Modifications	**34,196,618**	**-**	**-**	**34,196,618**
Depreciation	**(632,937,959)**	**(21,186,872)**	**(430,561,532)**	**(1,084,686,363)**
At December 31, 2024G	**5,537,230,635**	**58,676,881**	**2,234,831,751**	**7,830,739,267**

6.2 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Component	Nature of the component	Number of years, hours, or cycles
Airframe	The structural frame of the aircraft is fully obligated and provided for on commencement of the lease as part of the airframe checks.	Life of the lease, typically 12 years
Landing Gear components	Landing gear provides a suspension system during taxi, take-off and landing.	10 years
Engine Performance	Engine performance is required to be assessed and maintained over the flight hours.	12,000 engine flight hours or period of lease, whichever is shorter
Auxiliary Power Unit (APU)	APU is a small gas turbine engine mounted in the tail cone of an aircraft to provide autonomous electrical and mechanical power. It is maintained over the flight hours.	7,500 engine flight hours or period of lease, whichever is shorter
Engine Life Limited parts (Engine LLP)	Engine LLP are rotors and major static structural parts whose primary failure is likely to result in a hazardous engine effect. Typically, engine life-limited parts include, but are not limited to disks, spacers, hubs, shafts, high-pressure casings, and non-redundant mount components. They are required to be replaced after a specified engine cycles.	20,000 engine cycles or period of lease, whichever is shorter

7 Intangible asset

During 2015, pursuant to approval from the NAS Holding Company's Board of Directors and its shareholders, the NAS Holding Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company at its fair value of SAR 2,000 million, through non-cash consideration.

AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations. Management has assessed the useful life of AOC and concluded that it has indefinite useful life. (Also see judgment note 4.1.2 on useful life of AOC).

Based on the annual impairment assessment, the management concluded that there is no impairment required as the recoverable value of AOC is more than the carrying value. The management appointed an external expert for impairment assessment. The details about valuation method are provided in note 7.1 below:

7.1 Valuation method

The recoverable amount of the AoC has been determined using the fair value less costs of disposal approach, as this yielded an amount higher than its carrying value.

The Company has consistently applied the fair value less cost of disposal approach to assess the impairment of AOC. The fair value was based on the income approach i.e., "Green field method". This method is based on the assumption that a business commences its trade at the measurement date with only the asset in question and accordingly generates cash flows over its economic life. The Greenfield approach is based on a build up profile from inception, considering the historical performance of Flynas, a regional low cost carrier and general estimates for low cost carriers in the aviation industry, to the extent possible.

The fair value measurement is categorized as a level 3 input in the fair value hierarchy i.e., inputs to the model are not based on observable market data.

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7 Intangible asset (continued)

7.1 Valuation method (continued)

Key assumptions used to determine the fair value is as follows:

Cash flow projections

For valuation purposes, 17 years cash flow projections were used and for the later period terminal value was based on earning multiple i.e., Gordon Growth Model.

Discount rate

Discount rate is based on build up approach that is based on past experience and external sources, comprising of the following:

- The real yield on long term US Bonds (given the lack of default free government bonds in the region)
- Average long term KSA inflation premium based on long term inflation expectations
- The equity risk premium
- Country risk premium
- Average beta of aviation sector in the emerging markets
- Average gearing of aviation sector in the emerging markets
- Size and specific risk premium

While performing the valuation, the discount rate was estimated in the range of 16% to 17%.

Terminal Growth Rate (TGR) used to extrapolate cash flows beyond forecast period

This TGR has been determined based on the long-term inflation forecast of the Kingdom of Saudi Arabia and the terminal growth rate used was at 2.7%. The TGR is consistent with forecasts included in industry reports.

Sensitivity analysis as at 31 December 2024G

The recoverable amount calculated by the above-mentioned approach exceeds the carrying amount by SAR 1,019 million. Given below is the impact of sensitivity analysis on the fair value of AoC due to standalone changes in key assumptions used in the valuation of AOC, considering all other assumptions are being constant:

	Chance in percentage by %	Impact on the fair value of AOC by SAR million
Increase in discount rate	1%	600
Decrease in passenger yield	5%	919
Decrease in load factor*	5%	675
Decrease in Terminal Growth Rate	1%	206

* 5% decrease (starting and cap)

None of the above changes in discount rate, passenger yield, load factor and terminal growth rate will reduce the fair value of AoC to such an extent as to result in impairment charges.

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8 Stores and spares

	Note	2024G	2023G
Stores and spares		**8,025,370**	9,674,921
Less: Provision for obsolescence	8.1	**(5,428,430)**	(6,503,262)
		2,596,940	3,171,659

8.1 Movement in provision for obsolescence

	2024G	2023G
January 1,	**6,503,262**	8,384,000
Utilized during the year	**(1,074,832)**	(1,880,738)
December 31,	**5,428,430**	6,503,262

9 Deposits for aircraft

	2024G	2023G
Non-current portion	**37,500,760**	55,269,056
Current portion	**9,063,750**	36,136,390
	46,564,510	91,405,446

Credit risk for deposits in aircraft is disclosed in note 31.1.

10 Trade receivables

	Note	2024G	2023G
Third party customers		**328,681,246**	286,087,072
Related parties	31.3	**-**	91,369,087
Allowance for expected credit losses	10.1	**(90,114,260)**	(77,788,556)
		238,566,986	299,667,603

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

10.1 Set out below is the movement in the allowance for expected credit losses of trade receivables:

Movement in allowance for expected credit losses on trade receivables:

	2024G	2023G
January 1,	**77,788,556**	77,773,119
Provision for expected credit losses	**12,325,704**	15,437
December 31,	**90,114,260**	77,788,556

Note 30.1 to the financial statements includes credit risk disclosures.

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11 Prepayments and other current assets

	Note	2024G	2023G
Receivable from National Air Services, net – NAS Holding Company	11.1	**28,325,381**	24,693,355
Progress payments for aircraft maintenance expenditure		**-**	8,078,454
Deposits to vendors	11.2	**42,972,581**	44,578,563
Advances to suppliers		**22,906,439**	18,750,614
Prepayments		**5,704,354**	9,661,074
Contract assets		**11,573,336**	8,226,298
Other receivables		**5,899,580**	6,041,364
		117,381,671	120,029,722

11.1 This balance includes a provision for expected credit losses amounting to SAR 14 million charged during the year.

11.2 The balance represents security deposits paid to vendors mainly for fuel, civil aviation authorities and handling agents.

Note 30.1 to the financial statements includes credit risk disclosures.

12 Cash and cash equivalents and bank deposits

	2024G	2023G
Cash in hand	**1,193,798**	1,208,053
Cash at banks	**439,132,580**	490,442,913
Bank deposits	**1,260,000,000**	958,837,433
Cash and cash equivalents	**1,700,326,378**	1,450,488,399
Bank deposits - with original maturity of more than 3 months	**56,250,000**	56,250,000
Cash and cash equivalents and bank deposits	**1,756,576,378**	1,506,738,399

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13 Share capital

As at December 31, 2024G and 2023G, the authorized, issued and fully paid share capital of the Company consists of 153,425,000 shares of SAR 10 each. Each ordinary share carries one vote.

Breakup of the share capital by shareholders are as follows:

Shareholder name	Number of Shares	Nominal Value of shares
National Flight Services Company	**59,860,298**	598,602,980
Kingdom Holding Company	**56,885,387**	568,853,870
Nasser Ibrahim Rashid Al Rashid	**13,525,948**	135,259,480
Mawarid Investment Company	**7,502,483**	75,024,830
Hamza Bahi Adeen Alsayed Al Kholi	**3,676,063**	36,760,630
Saudi General Investment Trading and Services Company	**1,838,032**	18,380,320
Salman Mohammed Khalid Bin Hethlain	**1,251,948**	12,519,480
Yousef Abdulsattar Al Maimani	**564,604**	5,646,040
Treasury shares	**8,320,237**	83,202,370
	153,425,000	1,534,250,000

13.1 Contribution from shareholders

Contribution from shareholders is classified as equity when there is no contractual obligation to transfer cash or another financial asset to the shareholders. Non-monetary contributions from the shareholders are carried at fair value.

14 Statutory reserves

Under the previous companies regulations, the Company was required to transfer annually 10% of the net income to the statutory reserve. Although the amended Companies Law, effective January 2023G, has removed the mandatory requirement to establish a statutory reserve, it continues to permit companies to voluntarily create reserves in accordance with their Bylaws and with the approval of the general assembly. Accordingly, the Company, in line with its existing Bylaws , has elected to continue setting aside 10% of its net income as a statutory reserve. This approach remains consistent with the current legal framework. The reserve will continue to be presented within equity until such time as the Company formally amends its Bylaws or resolves otherwise through the general assembly.

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15 Trade and other payables

	Note	2024G	2023G
Trade payables		**759,821,210**	1,030,859,851
Accrued expenses		**481,199,757**	518,035,318
Passenger taxes payable		**136,657,579**	125,504,976
Taxes payable (Zakat and VAT)		**39,402,263**	43,380,926
Due to related parties	15.1	-	8,760,430
Other payables	15.2	**141,260,777**	151,921,763
		1,558,341,586	1,878,463,264
Non-current portion	15.3	-	(123,972,663)
Current portion		**1,558,341,586**	1,754,490,601

15 Trade and other payables (continued)

15.1 Represents payable to related parties for various services acquired for the operation of the Company i.e. trade payable to related parties.

15.2 The balance primarily relates to liabilities for withholding taxes on payments to international suppliers across various jurisdictions. The payables for these liabilities have been determined in anticipation of unfavorable outcome. Given the expectation of resolving these issues in the near term, these liabilities are classified as short-term payables.

15.3 During 2019G, the Company submitted a repayment plan to GACA and requested to reschedule amounts payable to GACA over a five years period with commitment to settle any new invoices as and when it becomes due. GACA has accepted the repayment plan of the Company which was approved by the Ministry of Finance during 2021G.

Starting 2019G such non-current liabilities arising from arrangements have been re-measured at their present value in the financial statements.

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16 Lease liabilities

	2024G	2023G
January 1,	**5,525,049,866**	3,631,708,726
Additions	**708,192,768**	2,307,050,187
Modifications	**34,196,618**	-
Finance cost (note 27)	**417,889,088**	251,188,214
Payments	**(871,864,743)**	(664,897,261)
December 31,	**5,813,463,597**	5,525,049,866

16.1 Lease liabilities are segregated as below:

	2024G	2023G
Current portion	**507,661,044**	540,647,907
Non-current portion	**5,305,802,553**	4,984,401,959
	5,813,463,597	5,525,049,866

The total cash outflow resulting from leases for the year 2024G amounted to SAR 1,181.4 million (December 31, 2023G: SAR 1,191.4 million).

Expenses relating to short-term leases during the year 2024G amounted to 309.5 million (2023G: SAR 526.4 million) (note 23).

17 Aircraft related provisions

Aircraft related provisions consists of heavy maintenance and re-delivery cost of aircraft.

	2024G	2023G
January 1,	**2,823,619,130**	1,705,538,660
Additions	**447,209,611**	1,092,636,773
Finance cost (note 27)	**187,970,314**	126,193,754
Payments	**(61,984,436)**	(100,750,057)
	3,396,814,619	2,823,619,130

17.1 Aircraft related provisions are segregated as below:

	2024G	2023G
Current portion	**297,794,229**	157,015,745
Non-current portion	**3,099,020,390**	2,666,603,385
	3,396,814,619	2,823,619,130

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18 Contract liabilities

	Note	2024G	2023G
Unutilized tickets	18.1	**410,474,783**	322,142,481
Customer loyalty programme	18.2	**10,127,439**	9,127,438
Deposit from customers	18.3	**4,366,572**	3,921,153
		424,968,794	335,191,072
Revenue recognized during the year that was included in the contract liabilities balance at the beginning of the year		**322,142,481**	176,261,538

18.1 Revenue deferred during the year was SAR 6.6 billion (2023G: SAR 5.4 billion) and revenue recognized during the year amounted to SAR 6.5 billion (2023G: SAR 5.2 billion).

18.2 Customer loyalty miles redeemed and expired during the year were SAR 9.1 million (2023G: SAR 17.5 million) and miles earned and sold during the year were SAR 10.1 million (2023G: SAR 10 million). Customer loyalty miles have one year expiration.

18.3 Deposit from customers (i.e. travel vouchers), if any, are expected to be recognized within one year.

19 Loans

	Note	2024G	2023G
Murabaha Facility	19.1	**362,981,250**	625,218,750
Saudi Industrial Development Fund	19.2	-	75,000,000
Saudi Industrial Development Fund	19.3	**62,250,000**	144,500,000
		425,231,250	844,718,750

	2024G	2023G
Current portion	**324,487,500**	419,487,500
Non-current portion	**100,743,750**	425,231,250
	425,231,250	844,718,750

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19 Loans (continued)

19.1 During 2022G, the Company signed a Master Murabaha Agreement (the "Facility") with a consortium of banks through a participating agent for an amount of SAR 2.25 billion. The first drawdown request in relation to the Facility was completed during 2022G for an amount of SAR 843.75 million. The repayment plan is split into 36 equal monthly installments commencing from the month of January 2023G. Also refer to note 36.

The Facility is pledged against certain receivables arising in connection with the collections under a Billing and Settlement Plan ('IATA BSP') with the International Air Transport Association ('IATA') and under e-Pay Agreement with a commercial bank. The related collections are assigned towards repayment of this Murabaha Facility. However, the Company's contractual right to receive cash flows from these receivable balances have not expired nor the Company has transferred these receivable balances to the bank. As at 31 December 2024G, the carrying value of receivables pledged against this facility amounts to SAR 44.6 million (2023G: SAR 40.4 million).

The Facility carries a markup margin which is based on market rate plus one-month Saudi Interbank Offer Rate ('SAIBOR') rate and includes certain financial covenants with respect to minimum cash balance and net leverage ratio. The Company has complied with all its covenants as at 31 December 2024G.

19.2 During 2020G, the Company obtained a loan of SAR 300 million from Saudi Industrial Development Fund (SIDF). During the month of August 2022G, the Company carried out first payment of its installment due in respect of this loan and rescheduled the remaining portion of the loan into 3 equal semi-annual installments of SAR 75 million each starting from February 2023G and spreading across till February 2024G. During 2022G, the Company has considered this change as modification of the existing facility and resulting gain arising on the restructuring has been recognized in the statement of profit or loss as part of finance income.

The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF. The Company has complied with all of its covenants as at 31 December 2024G.

19.3 During 2022G, the Company obtained an additional loan facility from SIDF for an amount of SAR 164.50 million under the Transportation Sector Support Initiative program. The loan is repayable in 4 semi-annual installments commencing from December 2023G spreading over to until June 2025G. The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF.

SIDF loans contain certain financial covenants such as restrictions on dividends distribution, utilizing any offering of shares for repayment of the loan and utilizing the loan for its intended purposes. The Company has complied with all of its covenants as at 31 December 2024G.

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20 Employees' end of service benefits liabilities

20.1 Actuarial valuation

The most recent actuarial valuation was performed as of December 31, 2024G, by an independent actuary:

20.2 Principal actuarial assumptions

	2024G	2023G
Salary increase rate	**4.8%**	4.8%
Discount rate	**5.3%**	5.1%
Mortality rate	**WHO SA 19**	80% of AM80 table
Turnover rate	**9% - 35% (based on age band)**	16%

The actuarial valuation was conducted using the Projected Unit Credit method.

20.3 Employees' end of service benefits expense

	2024G	2023G
Current service cost	**31,867,114**	32,282,929
Interest cost on benefit liabilities	**11,628,182**	2,852,769
	43,495,296	35,135,698

20.4 Movement of present value of employees' end of service benefits liability

	Note	2024G	2023G
January 1,		**231,501,803**	195,240,287
Charge for the year	20.3	**43,495,296**	35,135,698
Benefits paid		**(23,709,928)**	(13,333,654)
Remeasurement loss on employees' end of service benefits liabilities		**16,580,857**	14,459,472
December 31,		**267,868,028**	231,501,803

20.5 Employees' end of service benefits liability sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' end of service benefits liability as at December 31, 2024G and December 31, 2023G is shown below:

Assumptions	Salary increase rate		Discount rate	
Sensitivity level	1%	1%	1%	1%
	Increase	Decrease	Increase	Decrease
December 31, 2024G	**281,459**	**(254,315)**	**(255,698)**	**280,189**
December 31, 2023G	241,551	(218,452)	(218,287)	241,986

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20 Employees' end of service benefits liabilities (continued)

20.5 Employees' end of service benefits liability sensitivity analysis (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' end of service benefits liability as a result of reasonable changes in key assumptions occurring as at December 31, 2024G and December 31, 2023G. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The sensitivity analysis above does not include the impact of changes in experience adjustments which impacts the remeasurement (gain) or loss disclosed above.

The weighted average duration of the end of service benefits plan obligation as at December 31, 2024G is 4.57 years (2023G: 5.29 years).

21 Zakat

Charge for the year and status of assessments

Filing as part of the NAS Holding Company:

From the year 2013 till year ended 2023G, zakat returns were filed on a consolidated basis by the NAS Holding Company. Accordingly, the Company's zakat charge for the year is initially calculated at the NAS Holding Company's level (on a consolidated basis) and then allocated to the Company by the NAS Holding Company, if any.

During the year, ZATCA has finalized the assessment for the year 2015 at the NAS Holding Company level and the related zakat charge has been allocated to the Company accordingly.

Individual filing:

During the year, the ownership of the Company has changed (Refer note 1 for details) and as such the Company will file a separate zakat return for the current year.

The Ministry of Finance has issued new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29 February 2024G) (the "New Zakat By-Laws"). The New Zakat By-Laws are effective for financial years starting from 1 January 2024G and replace the existing Zakat by-laws issued under MR. 2216 dated 7/7/1440H (corresponding to 14 March 2019G) as amended under Ministerial Resolution No. 58705 dated 21/9/1444H (corresponding to 12 April 2023G) which were applicable on financial years commencing on 1st January 2019G to financial years ending on 31 December 2023G.

The approach to computing the Zakat liability has undergone changes with the implementation of the New Zakat By-Laws compared to the previous calculation basis. In this respect, during the year ended 31 December 2024G, the Company has adopted the New By-Laws and has reflected the changes in the computation mechanism under the current year Zakat calculation. For the year ended 31 December 2024G, in accordance with the regulations of ZATCA, zakat is payable at 2.578% of the zakat base which is attributable to the Saudi shareholders.

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21 Zakat (continued)

The zakat provision is based on the following:

	2024G
Profit after zakat	433,509,594
Adjustments related to provisions, depreciation and others	23,780,119
Adjusted profit for the year	457,289,713
Share capital	1,534,250,000
Statutory reserve	150,000
Provisions and other adjustments	(1,531,803,360)
Zakat base prior to adjusted profit for the year	2,596,640
Zakat charge for the year at 2.5847% of zakat base	67,116
Zakat charge for the year at 2.5% of adjusted profit for the year	11,432,243
Zakat charge for the year at 2.5%	11,432,243
Charge allocated for the preceding years	11,750,372
Total charge for the year	23,182,615

Charge for the year and status of assessments (continued)

Individual filing: (continued)

The movement in provision for zakat is as follows:

	2024G	2023G
Opening balance	15,759,890	-
Charge during the year	11,432,243	16,548,826
Charge allocated for the preceding years	11,750,372	-
Total charge for the year	23,182,615	16,548,826
Adjustment	-	(788,936)
Closing balance	38,942,505	15,759,890

* During the prior years, payments for zakat charge allocated to the Company were being made to NAS holding Company as zakat return was filed on a consolidated basis. Further, as mentioned above, the ownership of the Company has changed during the current year and as such the Company will file a separate zakat return for the current year.

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22 Revenue and segmental reporting

	2024G	2023G
Flynas LCC	**6,547,982,557**	5,198,772,492
Flynas Hajj & Umrah	**822,891,266**	980,863,493
Flynas General Aviation	**185,195,167**	182,536,510
	7,556,068,990	6,362,172,495

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

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

22 Revenue and segmental reporting (continued)

Segment	2024G				2023G			
	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total
Revenue	**6,784,085,834**	**822,891,266**	**185,195,167**	**7,792,172,267**	5,405,968,669	980,863,493	182,536,510	6,569,368,672
Operating expenses *	**(5,805,601,841)**	**(764,963,833)**	**(176,495,315)**	**(6,747,060,989)**	(4,707,324,157)	(815,637,276)	(177,378,681)	(5,700,340,114)
Operating profit	**978,483,993**	**57,927,433**	**8,699,852**	**1,045,111,278**	698,644,512	165,226,217	5,157,829	869,028,558
Finance costs, net	**(588,419,185)**	**147**	**(31)**	**(588,419,069)**	(451,132,667)	(919)	(50)	(451,133,636)
Profit before zakat	**390,064,808**	**57,927,580**	**8,699,821**	**456,692,209**	247,511,845	165,225,298	5,157,779	417,894,922
Zakat expense	**(21,600,000)**	**(1,582,615)**	**-**	**(23,182,615)**	(13,048,826)	(3,500,000)	-	(16,548,826)
Profit for the year	**368,464,808**	**56,344,965**	**8,699,821**	**433,509,594**	234,463,019	161,725,298	5,157,779	401,346,096
Depreciation	**1,132,926,258**	**11,450**	**-**	**1,132,937,708**	790,708,056	6,950	-	790,715,006
Additions to non-current assets	**3,060,674,504**	**-**	**-**	**3,060,674,504**	7,897,455,524	-	-	7,897,455,524
Total Assets	**12,805,268,953**	**89,477,981**	**634,987,199**	**13,529,734,133**	12,662,646,404	86,095,224	115,919,779	12,864,661,407
Total Liabilities	**11,759,589,138**	**128,038,681**	**(939,945)**	**11,886,687,874**	11,490,426,196	140,831,662	7,286,027	11,638,543,885

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22 Revenue and segmental reporting (continued)

	2024G	2023G
Revenue:		
Total reportable segments revenue	**7,792,172,267**	6,569,368,672
Elimination of intersegment revenue**	**(236,103,277)**	(207,196,177)
	7,556,068,990	6,362,172,495
Operating expenses:		
Total reportable segments operating expenses	**6,747,060,989**	(5,700,340,114)
Elimination of intersegment operating expenses**	**(236,103,277)**	207,196,177
	6,510,957,712	(5,493,143,937)

* Flynas LCC operating expenses include gain on sale and lease back transactions (note 5.2.1).

** Eliminations are primarily from Flynas LCC segment.

22.1 Geographical revenue analysis for Flynas LCC passenger flights

The following table disaggregates Flynas LCC passenger flights revenue by the primary geographical market:

	2024G	2023G
International	**3,897,670,123**	3,063,643,892
Domestic	**2,613,126,151**	2,094,042,697
Other	**37,186,283**	41,085,903
	6,547,982,557	5,198,772,492

Flynas Hajj & Umrah passenger related revenue is concentrated with international geographical locations.

23 Cost of revenue

	Note	2024G	2023G
Fuel cost		**1,717,634,869**	1,604,706,229
Landing, handling, and en-route charges		**1,457,257,247**	1,243,673,198
Salaries and related costs		**863,653,958**	712,580,853
Maintenance and other aircraft costs		**431,151,207**	441,845,556
Depreciation on right-of-use assets	6	**1,084,686,363**	726,927,683
Depreciation on equipment and fixtures	5	**44,244,590**	61,282,590
Rental expense	16	**309,541,003**	526,455,421
Commission and reservation systems expenses		**121,806,891**	106,630,059
Others	23.1	**110,213,525**	51,895,684
Less:			
Government grant	23.2	**(52,624,147)**	(19,626,256)
		6,087,565,506	5,456,371,017

23.1 Others primarily include insurance charges, utilities, and tax related charges.

23.2 This primarily includes the incentive received from the government based on operating flights on designated routes.

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24 Selling and marketing expenses

	2024G	2023G
Salaries and related expenses	**65,767,486**	58,696,636
Business development and promotion expenses	**79,844,037**	63,512,268
Collection charges	**71,443,253**	51,168,758
Customer service-related expenses	**12,610,862**	9,457,877
Professional fees	**10,247,041**	3,630,476
Others	**12,256,585**	10,279,506
	252,169,264	196,745,521

25 General and administrative expenses

	Note	2024G	2023G
Salaries and related expenses		**160,891,280**	81,559,001
Professional fees	25.1	**72,515,187**	15,332,815
Depreciation on equipment and fixtures	5	**4,006,755**	2,504,733
Penalties		**276,788**	-
Others		**20,138,574**	15,498,933
		257,828,584	114,895,482

25.1 Auditor's remuneration for the statutory audit of the financial statements for the year ended 31 December 2024G amounted to SAR 1.83 million (2023G: SAR 0.99 million) and other related services amounted to SAR 1.96 million (2023G: SAR 1.4 million).

26 Finance income

	2024G	2023G
Interest income on deposits with banks	**71,615,316**	51,887,547
Gain on derecognition of aircraft deposits	**32,899,549**	-
	104,514,865	51,887,547

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27 Finance cost

	Note	2024G	2023G
Interest on lease liabilities	16	**417,889,088**	251,188,214
Interest on aircraft related provision	17	**187,970,314**	126,193,754
Bank guarantee and commitment fee		**25,373,526**	31,135,191
Imputed interest on aircraft deposits		**-**	14,914,096
Imputed interest on long-term payables		**14,427,727**	13,670,671
Interest on loans	19	**44,123,456**	63,404,925
Others		**3,149,823**	2,514,332
		692,933,934	503,021,183

28 Contingencies, Commitments and letter of credits and guarantees

28.1 Commitments

The Company has entered into contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is SAR 38,475 million (2023G: SAR 15,012 million) excluding pre-delivery payments carried out as at the balance sheet date.

28.2 Contingencies

As at December 31, 2024G and 2023G, the Company has no outstanding contingencies.

28.3 Letter of credits and guarantees

As at December 31, 2024G, the Company has outstanding letters of credit and bank guarantees amounting to SAR 1,159 million (2023G: SAR 606.8 million). The outstanding letters of credit include arrangement with the lessors in relation to the heavy maintenance deposits.

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29 Financial instruments

Fair value measurement of financial instruments

Financial instruments comprise financial assets and financial liabilities. All the financial assets and financial liabilities are carried at amortized cost.

Financial assets comprise of the following:

Financial statements line item	Note	IFRS 9 classification	31 December 2024G	31 December 2023G
Trade receivables	10	Amortized cost	**238,566,986**	299,667,603
Cash and cash equivalents and bank deposits	12	Amortized cost	**1,756,576,378**	1,506,738,399
Deposits for aircraft	9	Amortized cost	**46,564,510**	91,405,446
Deposits to vendors	11	Amortized cost	**42,972,581**	44,578,563
Receivable from NAS Holding Company	11	Amortized cost	**28,325,381**	24,693,355
Other receivables	11	Amortized cost	**5,899,580**	6,041,392

Financial liabilities comprise of the following:

Financial statements line item	Note	IFRS 9 classification	31 December 2024G	31 December 2023G
Trade and other payables (excluding taxes)	15	Amortized cost	**1,382,281,745**	1,461,632,036
Lease liabilities	16	Amortized cost	**5,813,463,597**	5,525,049,866
Loans	19	Amortized cost	**425,231,250**	844,718,750

As at 31 December 2024G and 2023G, the management has assessed that the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are either short term in nature or carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values.

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30 Risk management of financial instruments

Risk management framework

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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30 Risk management of financial instruments (continued)

30.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk for the Company arises from cash at bank, trade receivables, deposits to vendors, deposits for aircraft and other receivables.

As at 31 December 2024G and 2023G, the Company was exposed to credit risk on the following balances:

	Note	2024G	2023G
Trade receivables	10	**238,566,986**	299,667,603
Cash at bank and bank deposits	12	**1,756,576,378**	1,506,738,399
Deposits for aircraft	9	**46,564,510**	91,405,446
Deposits to vendors	11	**42,972,581**	44,578,563
Receivable from NAS Holding Company	11	**28,325,381**	24,693,355
Other receivables	11	**5,899,582**	6,041,392
		2,118,905,418	1,973,124,758

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. Further, the Company does not hold any collateral against these financial assets.

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Company does not face any significant concentration risks in relation to each class of financial assets mentioned above.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Cash at bank

Credit risk on bank balances is limited as cash balances are held with banks having sound credit ratings as below:

	Rating					
Banks		Short term	Long term	Rating Agency	2024G	2023G
Al Rajhi Bank – Bank balance	F2	A-	A-	Fitch Ratings	**17,461,995**	12,254,932
Al Rajhi Bank – Time deposit	F2	A-	A-	Fitch Ratings	**200,000,000**	200,000,000
Bank Aljazira – Bank balance	F2	A-	A-	Fitch Ratings	**19,230,707**	23,127,022
Bank Aljazira – Time deposit	F2	A-	A-	Fitch Ratings	**100,000,000**	80,000,000
Banque Nationale de Algerie	F2	BBB+	BBB+	Fitch Ratings	**54,050,490**	126,898,635
Banque Saudi Fransi – Time deposit	F2	A-	A-	Fitch Ratings	**936,250,000**	735,087,433
Banque Saudi Fransi – Bank balance	F2	A-	A-	Fitch Ratings	**50,801,088**	49,002,596
Citi Bank	F1	A	A	Fitch Ratings	**26,187,352**	26,187,352
Emirates NBD Bank – Bank balance	F1	A+	A+	Fitch Ratings	**44,913,126**	71,308,030
Gulf International Bank – Bank balance	F2	A-	A-	Fitch Ratings	**64,464,119**	49,418,214
Gulf International Bank – Time deposit	F2	A-	A-	Fitch Ratings	**80,000,000**	
Others					**1,908,315**	15,241,945
SAB Bank – Bank balance	F2	BBB+	BBB+	Fitch Ratings	**153,956,130**	111,054,113
Saudi National Bank	F2	A-	A-	Fitch Ratings	**6,159,258**	5,950,075
					1,755,382,580	1,505,530,347

The Company has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at December 31, 2024G and 2023G is not material.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

In monitoring customer credit risk, customers are segmented according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company manages credit risk with respect to trade receivable by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

The Company establishes a provision for impairment that represents its estimate of potential losses in respect of trade receivables. The sale of Flynas LCC services and Flynas Hajj & Umrah services is largely achieved through International Air Transport Association ("IATA") approved sales agents. All IATA agents have to meet minimum financial criteria applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through their Agency programme.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024G or 1 January 2024G respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Trade receivable (continued)

The Company mainly categorizes its trade receivables as third-party customers and due from related parties. The exposure to credit risk for trade receivables at the end of the reporting period by type of customer was:

	2024G	2023G
Third-party customers	**328,681,246**	286,087,072
Due from related parties (Refer note 31)	**-**	91,369,087
	328,681,246	377,456,159

Within the third-party customers, the credit risk is further disaggregated based on the three revenue streams based on the fact that each revenue stream has a different customer base. The details of the expected credit losses calculated for each of these customer bases is disclosed in the table further below.

The due from related parties are subject to the impairment requirement of IFRS 9. As at December 31, 2024G and 2023G, the provision against related parties' balances was not material.

The increase in the expected credit loss charge for the year is mainly on account of change in ownership (Note 1) resulting the balances from due from related parties being classified as receivables from Third-party customers and increase in the credit risk for these balances.

The maximum exposure in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 360 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 720 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

The Company's major expected credit losses arise from long-outstanding receivables due from various parties that have failed to make contractual payments for an extended period, in many cases exceeding 720 days past due. The Company continues to engage with these parties to develop structured repayment plans. However, receivables that are significantly overdue typically more than 720 days past due are generally considered uncollectible and are written off, unless there is objective evidence supporting their recoverability. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

Inputs into measurement of ECL

The following tables provides information about the exposure to credit risk and ECLs for trade receivables for third-party customers for each revenue stream as at 31 December 2024G and 2023G:

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Flynas LCC:

	December 31, 2024G			December 31, 2023G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	59,500,166	5.47%	3,256,170	52,213,208	5.7%	2,958,542
Days past due						
1-90 days	70,197,210	8.38%	5,884,328	28,503,763	8.8%	2,513,287
91-360 days	280,524	19.2%	53,850	4,343,824	18.7%	814,302
+360 days	8,321,073	50%-100%	4,563,188	5,983,563	45.3% - 100%	2,709,712
Specific provision	26,621,126	100%	26,621,126	26,621,126	100%	26,621,126
Government receivable	974,425	-	-	17,626,746	-	-
	165,894,524		40,378,662	135,292,230		35,616,969

The expected credit loss provision for Flynas LCC during the year amounted to SAR 4.8 million.

Flynas Hajj & Umrah:

	December 31, 2024G			December 31, 2023G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	4,112,956	0.03%	1,056	13,221,590	0.03%	4,534
Days past due						
1-90 days	1,517,765	0.03%	390	27,029,177	0.05%	13,712
91-360 days	29,489,295	0.24%	70,169	50,630,939	0.36%	179,971
+360 days	25,457,655	100%	25,457,655	18,042,038	100%	18,042,038
	60,577,671		25,529,270	108,923,744		18,240,255

The expected credit loss charge for Flynas Hajj & Umrah during the year amounted to SAR 7.3 million.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Flynas General Aviation:

	December 31, 2024G			December 31, 2023G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	9,567,132	6.94%	663,549	2,519,335	21.1%	531,580
Days past due						
1-90 days	17,659,339	7.52%	1,327,827	9,221,301	23.90%	2,203,891
91-360 days	58,853,067	15.25%	8,975,692	864,263	38.20%	330,148
+360 days	16,129,513	60%-100%	13,239,262	29,266,198	71.3% - 100%	20,866,799
	102,209,051		24,206,330	41,871,097		23,932,418

The expected credit loss charge for Flynas General Aviation during the year amounted to SAR 0.3 million.

Deposit for aircraft, deposits for vendors, receivable from National Air Services – NAS Holding Company and other receivables

Deposit for aircraft, deposits for vendors and other receivables are subject to the impairment requirement of IFRS 9. As at 31 December 2024G and 2023G, the Company has not recorded any impairment loss on these balances as the identified impairment loss was immaterial.

Further, in case of receivable from National Air Services – NAS Holding Company, as at 31 December 2024G,this balance includes a provision of SAR 14 million. (31 December 2023G: Nil)

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30 Risk management of financial instruments (continued)

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarizes the undiscounted maturities of the Company's financial liabilities based on contractual payment dates. Balances due within 12 months for Trade and other payables (excluding taxes) and Loans equal their carrying balances, because the impact of discounting is not significant.

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2024G				
Trade and other payables (excluding taxes)	1,382,281,745	-	-	1,382,281,745
Lease liabilities	677,076,166	3,983,889,161	3,327,848,374	7,988,813,701
Loans	324,487,500	106,304,805	-	430,792,305
	2,383,845,411	4,090,193,966	3,327,848,374	9,801,887,751

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2023G				
Trade and other payables	**1,461,632,036**	**141,096,954**	**-**	**1,602,728,990**
Lease liabilities	**655,226,169**	**3,335,104,753**	**7,546,818,550**	**11,537,149,472**
Loans	**419,487,500**	**448,704,015**	**-**	**868,191,915**
	2,882,936,919	**3,901,299,155**	**7,546,818,550**	**14,008,070,377**

Net debt

	Note	2024G	2023G
Loans	19	**425,231,250**	844,718,750
Lease liabilities	16	**5,813,463,597**	5,525,049,866
Less: Cash and cash equivalents and bank deposits	12	**(1,756,576,378)**	(1,506,738,399)
Net debt		**4,482,118,469**	4,863,030,217

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30 Risk management of financial instruments (continued)

30.2 Liquidity risk (continued)

Net debt reconciliation:

	Assets	Liabilities from financing activities		
	Cash and cash equivalents	Loans	Lease liabilities	Total
Net debt at January 1, 2023G	1,188,320,331	1,233,116,198	3,631,708,726	6,053,145,255
Financing cash flows	262,168,068	(388,397,448)	(413,709,047)	(539,938,427)
New leases	-	-	2,307,050,187	2,307,050,187
Interest expense	-	63,404,925	251,188,214	314,593,139
Interest payments	-	(63,404,925)	(251,188,214)	(314,593,139)
Net debt at December 31, 2023G	1,450,488,399	844,718,750	5,525,049,866	7,820,257,015
Net debt at January 1, 2024G	**1,450,488,399**	**844,718,750**	**5,525,049,866**	**7,820,257,015**
Financing cash flows	249,837,979	(419,487,500)	(453,975,655)	(623,625,176)
New leases	-	-	708,192,768	708,192,768
Modifications	-	-	34,196,618	34,196,618
Interest expense		44,123,456	417,889,088	462,012,544
Interest payments		(44,123,456)	(417,889,088)	(462,012,544)
Net debt at December 31, 2024G	**1,700,326,378**	**425,231,250**	**5,813,463,597**	**7,939,021,225**

30.3 Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. While optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises currency risk, interest rate risk and price risk.

The Company is also exposed to fuel price risk. The Company's fuel price risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices while ensuring that the airline is not competitively disadvantaged in a serious way in the event of substantial fall in the price of fuel. The Company does not hedge its exposure to fuel risk. However, the Company analyzes its fuel risk exposure on a regular basis and reassesses the source of its suppliers and renegotiates rates at terms favorable to the Company.

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30 Risk management of financial instruments (continued)

30.3 Market rate risk (continued)

The following table demonstrates the sensitivity of the statement of profit or loss to a reasonably possible change in fuel prices, with all other variables held constant.

	Effect on total comprehensive income for the year ended	
	2024G	2023G
Increase / (decrease) in fuel prices		
+5%	**(85,881,743)**	(80,235,311)
-5%	**85,881,743**	80,235,311

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company uses foreign currencies, mainly US Dollar and Euro. The Company is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

Interest rate risk

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The changes in interest rates effect either the fair value or future cash flows of financial instruments issued at either at fixed or variable rates. The Company mainly faces its interest rates risk arising on its interest-bearing liabilities such as borrowings and lease liabilities and interest earning bank deposits.

The Company has borrowings issued at variable interest rates which exposes the Company to cash flow interest risks. The Company does not hedge its exposure to interest rate risk. However, the Company analyzes its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Company. As at 31 December 2024G and 2023G, the exposure arising from the cash flow interest rate risk is considered to be immaterial.

The Company has lease liabilities and interest earning bank deposits which exposes the Company to fair value interest rates. Management monitors on a periodic basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken. As at 31 December 2024G and 2023G the exposure arising from the fair value interest rate risk is considered to be immaterial.

Price risk

The Company does not have any price sensitive instruments as a result of which the Company is not exposed to any price risk.

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30 Risk management of financial instruments (continued)

30.4 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financed by equity and loans from various lenders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities and borrowings as shown in the statement of financial position, less cash and cash equivalents and bank deposits. Total capital is calculated as equity as shown in the statement of financial position plus net debt. The Company strategy was to maintain a gearing ratio within a range of 65% to 90%. The gearing ratios at December 31, 2024G and 2023G were as follows:

	December 31, 2024G	December 31, 2023G
Loans	**425,231,250**	844,718,750
Lease liabilities	**5,813,463,597**	5,525,049,866
Less: Cash and cash equivalents and bank deposits	**(1,756,576,378)**	(1,506,738,399)
Net debt (A)	**4,482,118,469**	4,863,030,217
Shareholders' equity (B)	**1,643,046,259**	1,226,117,522
Total capital (A+B)	**6,125,164,728**	6,089,147,739
Gearing ratio (A / (A+B))	**73%**	80%

31 Related parties

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

31.1 Transactions and balances with Key Management Personnel

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

	2024G	2023G
Transactions		
Short-term employee benefits	**46,823,732**	31,527,537
Retirement benefits	**1,654,950**	1,732,377
	48,478,682	33,259,914

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

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31 Related parties

31.2 Related party transactions: (continued)

*Related party relationship (Until 14 May 2024G)	Nature of transactions	2024G	2023G
An entity under common control	Revenue – Flynas General Aviation	**116,765,995**	93,552,887
An entity under common control	Revenue	**-**	22,646,287
An entity under common control	Cost of services	**156,420,589**	115,570,074

The Company receives and provides services to related parties in the normal course of business. These services consist of crew management services, Pricing policies and terms of related party transactions are approved in accordance with the Company's policies addressing related party transactions and conflicts of interest. Transactions with the related parties are in the ordinary course of the Company's activities and are entered into at market terms. These transactions are unsecured and are settled in cash.

31.3 Related party balances:

	Note	*Relationship (until 14 May 2024G)	2024G**	2023G
Amounts due from related parties				
Trade receivables	10			
NAS Private Aviation Company Limited - NAS Jet		An entity under common control	**75,084,622**	69,397,800
KalAir International Limited		An entity under common control	**-**	21,971,287
Preayments and other current assets				
National Air services (NAS holding)-net	11	Parent Company	**28,325,381**	24,693,355
			103,410,003	116,062,442
Amounts due to related parties				
Trade and other payables	15			
Saudi Air Navigation Services Co.		An entity under common control	**5,094,142**	5,319,290
KalAir Limited		An entity under common control	**-**	3,347,483
Others		An entity under common control	**-**	93,657
			5,094,142	8,760,430

The amounts due from and to related parties are unsecured, interest free and settled in cash.

* Effective 14 May 2024G, the ownership of the Company changed, therefore previously disclosed related party relationships with the previous Parent and entities under common control are no longer applicable (refer to Note 1). However, transactions with these related parties for the year ended 31 December 2024G have been included in these financial statements as the relationships remained applicable until 14 May 2024G.

** As a result of change in ownership (refer to Note 1), there were no balances due from and due to related parties as mentioned above and the balances presented from former related parties is only for comparison purposes. The balances due from related parties as at 31 December 2024G are presented as trade receivable from "Third party customers" within Trade Receivables (Note 10) and "Receivable from National Air Services, net – NAS Holding Company" within Prepayments and other current assets (Note 11). Further, the balances due to related parties as of 31 December 2024G, are presented within "Trade payable" within Trade and other Payables (Note 15).

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32 Dividend

There was no dividend declared during the current or prior year.

33 New and amended standards and interpretations

33.1 New accounting standards and interpretations effective during the year

At the date of authorisation of these financial statements, certain amendments to the existing standards were effective for the current financial year and have been adopted by the company. These are as below:

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

These amendments to existing standards did not have a material impact on the financial statements of the company.

33.2 New accounting standards, amendments and interpretations not yet adopted by the Company

Certain new standards and amendments to accounting standards have been published that are not mandatory for periods commencing 1st January 2024G reporting periods and have not been early adopted by the Company. Included within new standards and amendments is IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18"). The Company has not early adopted any new standards and amendments to accounting standards that are not mandatory for periods commencing 1st January 2024G reporting periods including IFRS 18 and is currently in the process of assessing the impact of the adoption of the new standards and amendments. Except for IFRS 18, the new standards and amendments to accounting standards are not expected to have a material impact on the Company in the current or future reporting periods.

34 Earnings per share

	2024G	2023G
Net profit for the year	**433,509,594**	401,346,096
Total number of ordinary shares	**153,425,000**	153,425,000
Treasury shares	**(8,320,237)**	(8,320,237)
Weighted average number of ordinary shares for the purpose of basic / diluted Earnings per share	**145,104,763**	145,104,763
Earnings per share (SAR)		
Basic	**2.99**	2.77
Diluted	**2.99**	2.77

Earnings per share for the year was calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

During the current year, as part of the transaction where the previous parent entity (NAS Holding) distributed its shares in the Company to its shareholders, a portion of shares it held in the Company were contributed to the Company at no cost rather than being distributed. These shares were classified as treasury shares, resulting in a retrospective adjustment to the weighted average number of shares used in calculating earnings per share as there was no change in resources as a result of this transaction.

Accordingly, the earnings per share calculations for both the current year and the comparative prior year have been retrospectively adjusted to reflect the impact of these treasury shares.

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35 Climate change impact

In preparing the financial statements, the Company has considered the impact of climate change, particularly in the context of the Kingdom's stated target of net zero carbon emissions by 2060. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

The Company operates a fleet of modern and efficient Airbus A320-family Aircraft (New Engine Option technology). The "neo"-type aircraft (both A320 and A321 variants), are Airbus' new generation of narrow-body aircraft, replacing the "ceo"-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, these new generation aircraft have at least a 15% proven fuel-burn efficiency over their previous generation aircraft and a 50% lower noise footprint during take-off and landing. The management strongly believes that this will have a positive impact in reducing the carbon footprint of the Company.

36 Subsequent events

Subsequent to the year ended 31 December 2024G, the Company has undertaken several significant actions that are expected to materially impact its financial statements in 2025G. Key developments include:

- **Aircraft Acquisition update**

During Q1 2025G, the Company commenced direct purchases of aircraft from Airbus using internal cash resources. Concurrently, the Company secured financing arrangements with a consortium of three local banks in Saudi Arabia, amounting to SAR 495 million (USD 132 million), collateralized by the newly acquired aircraft. As of 31 December 2024G, no drawdowns had been made under this facility. The Company is currently formulating and finalizing its accounting policies regarding the recognition, measurement, and subsequent accounting treatment of these owned aircraft in accordance with IFRS.

- **Wet Lease Agreement:**

The Company has entered into a wet lease ("Aircraft ACMI Agreement") with a lessor for two Airbus A320 aircraft. Deliveries are scheduled in 2025G, with lease terms of thirteen and twelve months, respectively. Under IFRS 16, the Company has the accounting policy option to apply the practical expedient, which allows the Company not to separate lease and non-lease components. The Company will finalize and recognize the accounting impact of these leases as part of its Q1 2025G reporting.

- **Initial Public Offering Approval:**

On 26 March 2025G, the Capital Markets Authority (CMA) approved the Company's application to offer 51.3 million shares, through an Initial Public Offering (IPO). This approval remains valid for a period of six months from the CMA Board's resolution date.

- **Extension of Existing Financing Facility:**

The Company had a borrowing facility totaling SAR 2.25 billion, of which SAR 843.75 million was utilized as of 31 December 2024G. During Q1 2025G, an additional SAR 1.125 billion was drawn down, reducing the remaining available facility to approximately SAR 288 million as of Q1 2025G.

Other than the events disclosed above, there are no other subsequent events to be disclosed in these financial statements.

37 Date of authorization

These financial statements were authorized for issuance on 16 April 2025G by the Board of Directors of the Company.

FLYNAS COMPANY

(A Joint Stock Company)

Condensed interim financial information (Unaudited)

For the three-month and nine-month periods ended 30 September 2024G

and report on review of condensed interim financial information

pwc

Report on review of condensed interim financial information

To the Board of Directors of Flynas Company
(A Joint Stock Company)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Flynas Company (the "Company") as of 30 September 2024 and the related condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the condensed interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2024 and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard No. 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

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

Emphasis of matter - Restriction on distribution and use

We draw attention to Note 1.1 to the condensed interim financial information, which describes that the accompanying condensed interim financial information as at and for the three-month and nine-month periods ended 30 September 2024 has been prepared for inclusion in the Company's Initial Public Offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia and should not be used for any other purpose. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

Waleed A. Alhidiri
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2 December 2024

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FLYNAS COMPANY

(A Joint Stock Company)

Condensed interim statement of financial position

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 30 September 2024G (Unaudited)	As at 31 December 2023G (Audited)
Assets			
Non-current assets			
Intangible asset		2,000,000,000	2,000,000,000
Equipment and fixtures	5	1,172,579,323	1,167,563,711
Right-of-use assets	6	7,803,911,402	7,676,084,867
Deposits for aircraft		30,529,076	55,269,056
Total non-current assets		11,007,019,801	10,898,917,634
Current assets			
Stores and spares		2,880,801	3,171,659
Deposits for aircraft		7,676,250	36,136,390
Trade receivables	2.3	472,717,672	299,667,603
Prepayments and other current assets	2.3	315,134,310	120,029,722
Bank deposits		56,250,000	56,250,000
Cash and cash equivalents		1,805,955,703	1,450,488,399
Total current assets	2.2	2,660,614,736	1,965,743,773
Total assets		13,667,634,537	12,864,661,407
Equity and liabilities			
Equity			
Share capital	1	1,534,250,000	1,534,250,000
Statutory reserves		150,000	150,000
Retained earnings /(accumulated losses)		184,344,712	(308,282,478)
Net equity		1,718,744,712	1,226,117,522
Liabilities			
Non-current liabilities			
Trade and other payables	2.3	31,995,673	123,972,663
Lease liabilities	6	5,373,933,317	4,984,401,959
Aircraft related provisions	7	2,935,966,615	2,666,603,385
Loans	8	166,303,125	425,231,250
Employees' end of service benefits liabilities		253,305,018	231,501,803
Total non-current liabilities		8,761,503,748	8,431,711,060
Current liabilities			
Trade and other payables	2.3	1,635,189,228	1,754,490,601
Lease liabilities	6	463,315,099	540,647,907
Aircraft related provisions	7	223,345,672	157,015,745
Loans	8	386,737,500	419,487,500
Contract liabilities	10	478,798,578	335,191,072
Total current liabilities	2.2	3,187,386,077	3,206,832,825
Total liabilities		11,948,889,825	11,638,543,885
Total equity and liabilities		13,667,634,537	12,864,661,407

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

FLYNAS COMPANY

(A Joint Stock Company)

Condensed interim statement of profit or loss and other comprehensive income (Unaudited)

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 30 September,		For the nine-month period ended 30 September,	
		2024G	2023G	2024G	2023G
Revenue	10	**1,968,581,611**	2,069,597,525	**5,891,308,904**	4,899,161,802
Cost of revenue		**(1,583,856,297)**	(1,771,858,112)	**(4,692,936,135)**	(4,271,325,735)
Gross profit		**384,725,314**	297,739,413	**1,198,372,769**	627,836,067
Selling and marketing expenses		**(71,427,141)**	(51,326,812)	**(187,266,329)**	(139,781,441)
General and administrative expenses	2.3	**(60,948,247)**	(26,357,347)	**(150,794,495)**	(81,954,710)
Provision for expected credit losses		**(20,788,227)**	-	**(21,063,225)**	-
Gain on sale of equipment and fixtures	5	**21,316,735**	75,989,046	**130,670,897**	172,693,363
Net foreign exchange loss		**(12,164,112)**	(1,853,365)	**(14,622,023)**	(2,846,080)
Operating profit		**240,714,322**	294,190,935	**955,297,594**	575,947,199
Finance income		**19,641,808**	14,597,612	**51,783,878**	39,416,656
Finance cost	2.3	**(150,342,115)**	(99,426,875)	**(496,329,281)**	(275,941,106)
Profit before zakat		**110,014,015**	209,361,672	**510,752,191**	339,422,749
Zakat expense	9	**(5,400,000)**	(6,500,000)	**(18,125,000)**	(12,500,000)
Profit for the period		**104,614,015**	202,861,672	**492,627,191**	326,922,749
Other comprehensive income					
Items that will not to be reclassified to statement of income in subsequent periods:		**-**	-	**-**	-
Remeasurement income on employees'end of service benefits liabilities		**-**	-	**-**	-
Total comprehensive income for the period		**104,614,015**	202,861,672	**492,627,191**	326,922,749
Earnings per share from profit attributable to the shareholder					
Basic and diluted earnings per share	13	**0.68**	1.32	**3.21**	2.13

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

FLYNAS COMPANY

(A Joint Stock Company)

Condensed interim statement of changes in equity

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserves	Accumulated Losses / retained earnings	Net equity
As at 1 January 2023G (Audited)	1,534,250,000	150,000	(695,169,102)	839,230,898
Profit for the period	-	-	326,922,749	326,922,749
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	326,922,749	326,922,749
As at 30 September 2023G (Unaudited)	1,534,250,000	150,000	(368,246,353)	1,166,153,647
As at 1 January 2024G (Audited)	**1,534,250,000**	**150,000**	**(308,282,478)**	**1,226,117,522**
Profit for the period	**-**	**-**	**492,627,190**	**492,627,190**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**492,627,190**	**492,627,190**
As at 30 September 2024G (Unaudited)	**1,534,250,000**	**150,000**	**184,344,712**	**1,718,744,712**

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

FLYNAS COMPANY

(A Joint Stock Company)

Condensed interim statement of cash flows

For the nine-month period ended 30 September 2024G (Unaudited)

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended 30 September,	
		2024G	2023G
Cash flows from operating activities			
Profit for the period before zakat		510,752,191	339,422,749
Adjustments for:			
Depreciation on equipment and fixtures	5	35,688,487	49,012,039
Depreciation on right-of-use assets	6	789,001,524	591,525,121
Provision for employees' end of service benefits liability		37,567,005	33,168,033
Finance income		(51,783,878)	(39,416,656)
Finance cost		496,329,281	275,941,106
Gain on sale of equipment and fixtures		(130,670,897)	(172,693,363)
Provision for expected credit losses		21,063,225	-
Operating cash flows before working capital changes			
Stores and spares		290,858	204,500
Deposits for aircraft		53,200,120	(3,000,668)
Trade receivables		(194,113,293)	(170,178,973)
Prepayments and other current assets		(195,104,588)	(78,086,897)
Trade and other payables		(211,278,364)	111,702,694
Aircraft related provisions	7	(66,516,358)	(152,463,808)
Contract liabilities		143,607,506	68,282,969
Operating cash flows generated after changes in working capital			
Employees' benefits paid		(15,763,790)	(8,988,422)
Finance income received		51,783,878	39,416,656
Net cash flows generated from operating activities		1,274,052,908	883,847,080
Cash flows from investing activities			
Acquisition of equipment and fixtures excluding pre-delivery payments		(62,453,367)	(134,641,084)
Pre-delivery payments made for aircraft		(219,000,000)	(235,875,000)
Refund of pre-delivery payments for aircraft		240,750,000	280,875,000
Net cashflows associated with acquisition of equipment and fixtures		(40,703,367)	(89,641,084)
Proceeds from sale of equipment and fixtures		114,190,242	221,958,291
Investment in Bank deposit		(56,250,000)	(56,250,000)
Proceed from Bank deposit		56,250,000	
Net cash flows generated from investing activities		73,486,875	76,067,207
Cash flows from financing activities			
Payment of lease liabilities - principal element		(318,999,085)	(317,005,536)
Repayment of loan	8	(291,678,125)	(302,971,875)
Finance cost paid		(381,395,268)	(194,722,790)
Net cash flows used in financing activities		(992,072,478)	(814,700,201)
Net increase in cash and cash equivalents		355,467,304	145,214,086
Cash and cash equivalents at the beginning of the period		1,450,488,399	1,188,320,331
Cash and cash equivalents at the end of the period		1,805,955,703	1,333,534,417
Supplemental non-cash transactions during the period:			
Additions to Right-of-use-asset		916,828,059	2,681,374,768
Additions to lease liabilities		631,197,635	1,872,596,805

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

FLYNAS COMPANY
(A Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and nine-month periods ended 30 September 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company – A Joint Stock Company (the "Company" or "Flynas") was incorporated in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying condensed interim financial information includes the accounts of the Company and its branches as listed in Note 1 to the annual audited financial statements for the year ended 31 December 2023G.

The Company's licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating, managing and maintenance of aircraft. The principal activities, registered address and its branches have not changed from year ended 31 December 2023G except for addition of a domestic branch in Riyadh in the name of "NAS Jet" bearing CR number 1009004882.

Effective 14 May 2024G, the Company's ownership was changed whereby 100% shareholdings previously held by the NAS Holding Company ('Parent Company') was transferred to the individual shareholders of the Parent Company. As such the Company does not have any controlling party as at 30 September 2024G. The legal formalities to this effect have been completed.

1.1 Purpose of preparing this condensed interim financial information

The accompanying condensed interim financial information has been prepared solely for inclusion in the Company's Initial Public Offering application to be filed with the Capital Market Authority of the Kingdom of Saudi Arabia.

2 Basis of preparation

2.1 Statement of compliance

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

This condensed interim financial information does not include all information and disclosures required for a complete set of financial statements under International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by SOCPA and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2023G.

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

2.2 Going concern

The net current liabilities position of the Company as at 30 September 2024G is Saudi Riyals ('SAR') 526.8 million (31 December 2023G: SAR 1,241.1 million). This factor, may cast significant doubt on the Company's ability to continue as a going concern. However, from the years 2021G onward the Company has been profitable with positive operational cash inflows for the respective years.

FLYNAS COMPANY
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(All amounts are in Saudi Riyals unless otherwise stated)

2 Basis of preparation (Continued)

2.2 Going concern (continued)

As at 30 September 2024G, the Company has substantially improved and converted its accumulated losses from SAR 308.3 million at 31 December 2023G to accumulated profits of SAR 184.3 million as at 30 September 2024G. The Company expects to operate in line with the plan for the upcoming four years. Key drivers of the plan include an expansion in fleet size, increase in number of flights, and the introduction of new routes. The Board of Directors have reviewed their latest financial forecasts for a period of twelve months from the date of signing this condensed interim financial information including plans to finance committed future aircraft deliveries.

Additionally, the Company has access to an undrawn Murabaha Facility amounting to SAR 1.4 billion.

Based on these considerations, the Board of Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the accompanying condensed interim financial information has been prepared on a going concern basis.

2.3 Significant changes in the current reporting period

During the nine-month period ended 30 September 2024G, the Company showed an improvement in its margins and profitability, primarily attributed to an increase in fleet size and the introduction of new routes.

The following events and transactions occurred during the nine-month period ended:

- A significant increase in revenue for the nine months period ended occurred as a result of increased fleet size, the introduction of new routes and increased number of passengers in Flynas LCC segment. Further, Flynas Hajj & Umrah also contributed to the increase in revenue during the period. This increase in operations also resulted in an increase in cost of sales and the resulting increase in gross profit and related margin. Additionally, the shifting of the Hajj season from three month period ended September 2023G to three month period ended 30 June 2024G contributed towards the decrease in revenue for the three month period ended September 2024G;
- A significant increase in finance costs due to additional lease interest costs from aircraft added in the fleet. The increase in fleet size also led to increase in right-of-use assets, leases liabilities and aircraft related provisions (Note 6 and 7);
- The increase in contract liabilities is primarily attributable to the forward sales and increased revenue of the Company. (refer note 10);
- The increase in trade receivables is primarily attributable to an increase in revenue during the period ended 30 September 2024G;
- The increase in prepayments and other current assets is primarily as a result of an increase in the margin for bank guarantees;
- A decrease in trade payables is attributable to the payments made to some strategic vendors during the period; and
- An increase in provision for expected credit losses is primarily attributable to increase in credit risk profile of certain customers.

2.4 Historical cost convention

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

2.5 Functional and presentation currency

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

3 Material accounting policies

The accounting policies used in the preparation of this condensed interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2023G unless otherwise stated and except for the adoption of new and amended standards as mentioned below.

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

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

- Amendments to IAS 1: amendments regarding the classification of liabilities
- Amendments to IFRS 16: amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions
- Amendments to IAS 1: amendments regarding the classification of debt with covenants
- Amendments to IFRS 7: amendments regarding supplier finance arrangements.
- Amendments to IAS 7: amendments regarding supplier finance arrangements

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

Certain new standards and amendments to accounting standards have been published that are not mandatory for periods commencing 1st January 2024G reporting periods and have not been early adopted by the Company. Included within new standards and amendments is IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18"). The Company has not early adopted any new standards and amendments to accounting standards that are not mandatory for periods commencing 1st January 2024G reporting periods including IFRS 18 and is currently in the process of assessing the impact of the adoption of the new standards and amendments. Except for IFRS 18, the new standards and amendments to accounting standards are not expected to have a material impact on the Company in the current or future reporting periods.

4 Significant accounting judgments, estimates and assumptions

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

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 December 2023G.

FLYNAS COMPANY

(A Joint Stock Company)

Notes to the condensed interim financial information

For the three-month and nine-month periods ended 30 September 2024G

(All amounts are in Saudi Riyals unless otherwise stated)

5 Equipment and fixtures

During the nine-month period ended 30 September 2024G, the Company acquired equipment and fixtures with a cost of SAR 63.3 million (30 September 2023G: SAR 4.5 million).

During the period, the Company has entered into sale and leaseback transactions for newly delivered aircraft that resulted in a cumulative gain of SAR 130.7 million (30 September 2023G: SAR 172.7 million) that was recognized under the "Gain on sale of equipment and fixtures" in the condensed interim statement of profit or loss.

During the period, the depreciation charged on equipment and fixture amounts to SAR 35.7 million (30 September 2024G: SAR 49 million).

Included within Aircraft and Aircraft equipment are aircraft purchased and immediately disposed of amounting to SAR 1,197.8 million (September 2023G: SAR 2,180 million) relating to sale and leaseback transactions. As at 30 September 2024G and 31 December 2023G, the Company has no owned aircraft.

6 Right-of-use assets and lease liabilities

6.1 Right-of-use assets

	30 September 2024G (Unaudited)	31 December 2023G (Audited)
Balance at the beginning of the period / year	**7,676,084,867**	5,050,112,993
Additions (Refer note 6.1.1 and 6.1.3)	**882,631,441**	3,352,899,557
Modifications (Refer note 6.1.2)	**34,196,618**	-
Depreciation	**(789,001,524)**	(726,927,683)
Balance at the end of the period / year	**7,803,911,402**	7,676,084,867

6.1.1 Additions include aircraft leases amounting to SAR 664.7 million and maintenance assets and redelivery costs amounting to SAR 252.1 million. The depreciation charged for aircraft related leases amounts to SAR 480.5 million and for maintenance assets and redelivery costs amounts to SAR 290.6 million.

6.1.2 During the period ended 30 September 2024G, the Company has renegotiated the terms of its lease agreement for certain number of aircraft, resulting in increasing the lease terms for the airframe of these aircraft for an additional period of 18-24 months. This is a lease modification with the impact on right of use assets presented above and the impact on lease liabilities presented below.

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

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(A Joint Stock Company)
Notes to the condensed interim financial information
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6 Right-of-use assets and lease liabilities (continued)

6.2 Lease liabilities

	30 September 2024G (Unaudited)	31 December 2023G (Audited)
Balance at the beginning of the period / year	**5,525,049,866**	3,631,708,726
Additions during the period / year	**597,001,016**	2,307,050,187
Modifications	**34,196,618**	-
Finance cost for the period / year	**324,974,588**	251,188,214
Payments during the period / year	**(643,973,672)**	(664,897,261)
Balance at the end of the period / year	**5,837,248,416**	5,525,049,866
Current portion	**463,315,099**	540,647,907
Non-current portion	**5,373,933,317**	4,984,401,959
	5,837,248,416	5,525,049,866

7 Aircraft related provisions

	30 September 2024G (Unaudited)	31 December 2023G (Audited)
Balance at the beginning of the period / year	**2,823,619,130**	1,705,538,660
Additions	**266,760,647**	1,092,636,773
Finance cost	**135,448,868**	126,193,754
Payments	**(66,516,358)**	(100,750,057)
Balance at the end of the period / year	**3,159,312,287**	2,823,619,130
Current portion	**223,345,672**	157,015,745
Non-current portion	**2,935,966,615**	2,666,603,385
	3,159,312,287	2,823,619,130

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Notes to the condensed interim financial information
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8 Loans

	30 September 2024G (Unaudited)	31 December 2023G (Audited)
Murabaha Facility	**428,540,625**	625,218,750
Saudi Industrial Development Fund – I	-	75,000,000
Saudi Industrial Development Fund – II	**124,500,000**	144,500,000
Current portion	**386,737,500**	419,487,500
Non-current portion	**166,303,125**	425,231,250
	553,040,625	844,718,750

8.1 During the period, the Company has repaid loan installments for the Murabaha Facility amounting SAR 196.7 million (September 2023G: 152.9 million) and Saudi Industrial Development Fund amounting to SAR 95 million (September 2023G: 150 million).

9 Zakat

Charge for the period and status of assessments.

From 2013, zakat returns were filed on a consolidation basis with the previous owner. However, during the period the Company's shareholding has changed (refer note 1) and accordingly the Company will start filing its returns on a standalone basis and booked the zakat provision of SAR 18.1 million during the period (30 September 2023G: SAR 12.5 million).

ZATCA has raised initial assessments for the period ended up to 31 December 2011. The assessment for the periods from 2012 has not yet been raised by ZATCA.

FLYNAS COMPANY
(A Joint Stock Company)
Notes to the condensed interim financial information
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10 Revenue and segmental reporting

	For the three-month period ended		For the nine-month period ended	
	30 September 2024G (Unaudited)	30 September 2023G (Unaudited)	30 September 2024G (Unaudited)	30 September 2023G (Unaudited)
Revenue				
Flynas LCC	**1,684,208,601**	1,548,941,697	**4,985,750,771**	3,891,491,409
Flynas Hajj & Umrah	**228,680,367**	487,815,535	**760,888,954**	894,311,318
Flynas General Aviation	**55,692,643**	32,840,293	**144,669,179**	113,359,075
	1,968,581,611	2,069,597,525	**5,891,308,904**	4,899,161,802

Contract liabilities

	30 September 2024G (Unaudited)	31 December 2023G (Audited
Unutilized tickets	**462,443,026**	322,142,481
Customer loyalty points	**12,476,432**	9,127,438
Deposit from customers	**3,879,120**	3,921,153
	478,798,578	335,191,072
Revenue recognized during the year that was included in the contract liabilities balance at the beginning of the period / year	**307,478,191**	176,261,538

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

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

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Notes to the condensed interim financial information
For the three-month and nine-month periods ended 30 September 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

10 Revenue and Segmental reporting (continued)

Segment	30 September 2024G (Unaudited)				30 September 2023G (Unaudited)			
	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	Total
Revenue	5,165,514,060	760,888,954	144,669,179	6,071,072,193	4,030,636,735	894,311,318	113,359,075	5,038,307,128
Operating expenses	(4,290,576,515)	(689,796,500)	(135,401,586)	(5,115,774,601)	(3,592,422,084)	(744,830,464)	(125,107,381)	(4,462,359,929)
Operating profit/(loss)	874,937,545	71,092,454	9,267,593	955,297,592	438,214,651	149,480,854	(11,748,306)	575,947,199
Finance income, net	(444,545,550)	148	(1)	(444,545,403)	(236,523,420)	(1,029)	(1)	(236,524,450)
Profit before zakat	430,391,995	71,092,602	9,267,592	510,752,189	201,691,231	149,479,825	(11,748,307)	339,422,749
Zakat expense	(16,200,000)	(1,925,000)	-	(18,125,000)	(9,000,000)	(3,500,000)	-	(12,500,000)
Profit for the period	414,191,995	69,167,602	9,267,592	492,627,189	192,691,231	145,979,825	(11,748,307)	326,922,749
Depreciation	(824,681,986)	(8,025)	-	(824,690,011)	(640,531,947)	(5,213)	-	(640,537,160)
Gain on sale and leaseback	130,670,897	-	-	130,670,897	172,693,363	-	-	172,693,363
	30 September 2024G (Unaudited)				31 December 2023G (Audited)			
Additions to non-current assets	1,135,828,059	-	-	1,012,835,235	7,897,455,524	-	-	7,897,455,524
Total assets	12,769,608,109	288,963,692	609,062,735	13,667,634,536	12,662,646,404	86,095,224	115,919,779	12,864,661,407
Total liabilities	11,600,313,028	332,919,141	15,657,655	11,948,889,824	11,490,426,196	140,831,662	7,286,027	11,638,543,885

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10 Revenue and Segmental reporting (continued)

	30 September 2024G (Unaudited)	30 September 2023G (Unaudited)
Revenue:		
Total reportable segments revenue	**6,071,072,193**	5,038,307,129
Elimination of intersegment revenue	**(179,763,289)**	(139,145,326)
	5,891,308,904	4,899,161,802
Operating expenses:		
Total reportable segments operating expenses	**5,115,774,600**	4,462,359,929
Elimination of intersegment operating expenses	**(179,763,289)**	(139,145,326)
	4,936,011,311	4,323,214,603

11 Contingencies, Commitments and letter of credits and guarantees

11.1 Commitments

The Company has entered contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is SAR 13,835 million (30 September 2023G: SAR 8,747 million) excluding pre-delivery payments carried out as at the balance sheet date.

11.2 Contingencies

As at 30 September 2024G and 2023G, the Company has no outstanding contingencies.

11.3 Letter of credits and guarantees

As at 30 September 2024G, the Company has outstanding letters of credit and bank guarantees amounting to SAR 1,047.8 million (30 September 2023G: SAR 461.5 million). The outstanding letters of credit include arrangements with the lessors in relation to the heavy maintenance deposits.

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12 Related parties

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

12.1 Related party transactions:

*Related party relationship (until 14 May 2024G)	Nature of transactions	For the nine-month period ended	
		2024G (Unaudited)	2023G (Unaudited)
An entity under common control	Revenue – Flynas General Aviation	89,742,763	62,145,967
An entity under common control	Revenue	-	675,000
An entity under common control	Cost of services	119,303,291	100,289,588

The Company receives and provides services to related parties in the normal course of business. These services primarily consist of aircraft management and flight operation services. Pricing policies and terms of related party transactions are approved in accordance with the Company's policies addressing related party transactions and conflicts of interest. Transactions with the related parties are in the ordinary course of the Company's activities and are entered into at market terms. These transactions are unsecured and are settled in cash.

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(A Joint Stock Company)
Notes to the condensed interim financial information
For the three-month and nine-month periods ended 30 September 2024G
(All amounts are in Saudi Riyals unless otherwise stated)

12 Related parties (continued)

12.2 Related party balances:

	*Relationship (until 14 May 2024G)	30 September 2024G (Unaudited)	31 December 2023G (Audited)
Amounts due from related parties			
Trade receivables, prepayments and other current assets			
NAS Private Aviation Company Limited – NAS Jet	An entity under common control	**88,749,281**	69,397,800
National Air Services (NAS holding)	Parent	**47,801,678**	24,693,355
KalAir International Limited	An entity under common control	-	21,971,287
		136,550,959	116,062,442
Amounts due to related parties			
Trade and other payables			
Saudi Air Navigation Services Co.	An entity under common control	**5,436,605**	5,319,290
KalAir International Limited	An entity under common control	-	3,347,483
Others	An entity under common control	-	93,657
		5,436,605	8,760,430

The amounts due from and to related parties are unsecured, interest free and settled in cash.

* Effective 14 May 2024G, the ownership of the Company changed, therefore previously disclosed related party relationships with the previous Parent and entities under common control are no longer applicable (refer to Note 1). However, transactions with these related parties have been included in these condensed interim financial statements, as the relationships remained applicable until 14 May 2024G.

13 Earnings per share

Earnings per share for the period was calculated by dividing the net profit for the period with the weighted average number of ordinary shares, that is 153.425 million shares as at 30 September 2024G (30 September 2023G: 153.425 million shares).

14 Climate change impact

The climate change impact is not materially different from the one already disclosed in the condensed interim financial information for the period ended 30 June 2024G.

FLYNAS COMPANY

(A Joint Stock Company)

Notes to the condensed interim financial information

For the three-month and nine-month periods ended 30 September 2024G

(All amounts are in Saudi Riyals unless otherwise stated)

15 Seasonality of operations

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

The timing of Hajj shifts by approximately 11 days each year according to the Hijri calendar, which means the exact months affected by increased passenger traffic can vary from one quarter to another.

In both the current and prior periods, the Hajj season primarily spanned the months of June, July, and August. For the three-month period ended 30 September 2024G, revenue from the Flynas Hajj & Umrah segment declined, primarily due to the shift in the Hajj period, resulting in fewer Hajj-related days falling within Q3 2024G. Additionally, for the nine-month period ended 30 September 2024G, revenue was further impacted by a lower volume of passengers served in this segment compared to the prior period.

16 Subsequent events

Subsequent to the period ended 30 September 2024G, the Company signed A330neo Purchase Agreement dated 7 November 2024G with Airbus S.A.S. for the purchase of 15 A330 firm aircraft with the right to purchase up to 15 additional A330 aircraft.

17 Date of authorization

This condensed interim financial information was authorized for issuance on November 27, 2024G by the Board of Directors of the Company.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

REISSUED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023G

AND INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Flynas Company

Report on the audit of the reissued financial statements

Our opinion

In our opinion, the reissued financial statements present fairly, in all material respects, the financial position of Flynas Company (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's reissued financial statements comprise:

- the statement of financial position as at December 31, 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the reissued financial statements, comprising material accounting policy information and other explanatory information.

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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the reissued financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Emphasis of matter – Reissuance of the financial statements

We draw attention to Notes 2.5 and 38 to the reissued financial statements, which describe the changes made to the previously issued financial statements for the year ended 31 December 2023 on 7 May 2024. These financial statements have been amended to revise certain comparative amounts due to the consequential impact of changes made in the reissued financial statements for the year ended 31 December 2022 that were reissued on 10 March 2025. These changes primarily related to a change in the accounting policy relating to the distribution of non-cash assets to owners from fair value to net book value and certain other prior period adjustments related to the year ended 31 December 2022. Notes 2.5 and 38 provide further details on the nature of these changes.

PricewaterhouseCoopers Public Accountants (professional limited liability company), CR No. 1010371622, capital of 500,000 SAR, national address: 2239 Al Urubah Rd, Al Olaya District, postal code 12214, secondary number 9597, Riyadh, Kingdom of Saudi Arabia, physical address: Kingdom Tower, floor 24.
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pwc

Independent auditor's report to the shareholders of Flynas Company (continued)

Emphasis of matter – Reissuance of the financial statements (continued)

We issued an unqualified independent auditor's report on the previously issued financial statements for the year ended 31 December 2023 on 7 May 2024 and following these changes, we provide this new report on the reissued financial statements.

Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the reissued financial statements

Management is responsible for the preparation and fair presentation of the reissued financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of reissued financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the reissued financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the reissued financial statements

Our objectives are to obtain reasonable assurance about whether the reissued 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 reissued financial statements.

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

- Identify and assess the risks of material misstatement of the reissued 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.

Independent auditor's report to the shareholders of Flynas Company (continued)

Auditor's responsibilities for the audit of the reissued financial statements (continued)

- 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 Company'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 the 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 Company'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 reissued 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the reissued financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559

March 10, 2025

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of financial position

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at December 31,	
		2023G	2022G *
Assets			
Non-current assets			
Intangible asset	7	2,000,000,000	2,000,000,000
Equipment and fixtures	5	1,167,563,711	1,078,085,916
Right-of-use assets	6	7,676,084,867	5,050,112,993
Deposits for aircraft	10	55,269,056	53,969,093
Investment in associates	8	-	18,000
Total non-current assets		10,898,917,634	8,182,186,002
Current assets			
Stores and spares	9	3,171,659	3,489,586
Deposits for aircraft	10	36,136,390	38,906,250
Trade receivables	11	299,667,603	145,948,771
Prepayments and other current assets	12	120,029,722	89,244,662
Bank deposits	13	56,250,000	-
Cash and cash equivalents	13	1,450,488,399	1,188,320,331
Total current assets	2.2	1,965,743,773	1,465,909,600
Total assets		12,864,661,407	9,648,095,602
Equity and liabilities			
Equity			
Share capital	14	1,534,250,000	1,534,250,000
Statutory reserves	15	150,000	150,000
Accumulated losses		(308,282,478)	(695,169,102)
Net equity		1,226,117,522	839,230,898
Liabilities			
Non-current liabilities			
Trade and other payables	16	123,972,663	221,827,095
Lease liabilities	17.1	4,984,401,959	3,230,491,819
Aircraft related provisions	18.1	2,666,603,385	1,604,788,604
Loans	20	425,231,250	844,718,750
Employees' end of service benefits liabilities	21.4	231,501,803	195,240,287
Total non-current liabilities		8,431,711,060	6,097,066,555
Current liabilities			
Trade and other payables	16	1,754,490,601	1,625,747,606
Lease liabilities	17.1	540,647,907	401,216,907
Aircraft related provisions	18.1	157,015,745	100,750,056
Loans	20	419,487,500	388,397,448
Contract liabilities	19	335,191,072	195,686,132
Total current liabilities	2.2	3,206,832,825	2,711,798,149
Total liabilities		11,638,543,885	8,808,864,704
Total equity and liabilities		12,864,661,407	9,648,095,602

The accompanying notes 1 to 39 form an integral part of these reissued financial statements.
* Refer to note 38 regarding changes to comparatives.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Statement of profit or loss and other comprehensive income
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2023G	2022G*
Revenue	23	**6,362,172,495**	4,809,380,217
Cost of revenue	24	**(5,456,371,017)**	(4,213,132,692)
Gross profit		**905,801,478**	596,247,525
Selling and marketing expenses	25	**(196,745,521)**	(157,161,097)
General and administrative expenses	26	**(114,895,482)**	(121,040,466)
Provision for expected credit losses	11.1	**(15,437)**	(8,353,485)
Gain on sale of equipment and fixtures and termination of leases	5.2.1, 17	**283,165,113**	135,522,082
Net foreign exchange loss		**(8,281,593)**	(2,680,406)
Operating profit		**869,028,558**	442,534,153
Finance income	27	**51,887,547**	12,875,454
Finance cost	28	**(503,021,183)**	(277,738,466)
Profit before zakat		**417,894,922**	177,671,141
Zakat expense	22	**(16,548,826)**	(5,899,456)
Profit for the year		**401,346,096**	171,771,685
Other comprehensive (loss) / income			
Items that will not to be reclassified to statement of income in subsequent periods:			
Remeasurement (loss) income on employees' end of service benefits liabilities	21.4	**(14,459,472)**	18,121,234
Total comprehensive income for the year		**386,886,624**	189,892,919
Earnings per share from profit attributable to the shareholder			
Basic and diluted earnings per share	35	**2.62**	1.12

The accompanying notes 1 to 39 form an integral part of these financial statements.
* Refer to note 38 regarding changes to comparatives.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of changes in equity

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserves	Accumulated losses	Net equity
At January 1, 2022G	1,534,250,000	150,000	(856,946,108)	677,453,892
Profit for the year	-	-	171,771,685	171,771,685
Other comprehensive income for the year	-	-	18,121,234	18,121,234
Total comprehensive income for the year	-	-	189,892,919	189,892,919
Transactions with the Parent Company				
Transfer of assets to the owners (note 11)*	-	-	(28,115,913)	(28,115,913)
At December 31, 2022G	**1,534,250,000**	**150,000**	**(695,169,102)**	**839,230,898**
At January 1, 2023G	**1,534,250,000**	**150,000**	**(695,169,102)**	**839,230,898**
Profit for the year	**-**	**-**	**401,346,096**	**401,346,096**
Other comprehensive loss for the year	**-**	**-**	**(14,459,472)**	**(14,459,472)**
Total comprehensive income for the year	**-**	**-**	**386,886,624**	**386,886,624**
At December 31, 2023G	**1,534,250,000**	**150,000**	**(308,282,478)**	**1,226,117,522**

The accompanying notes 1 to 39 form an integral part of these financial statements.
* Refer to note 38 regarding changes to comparatives.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2023G	2022G *
Cash flows from operating activities			
Profit for the year before zakat		**417,894,922**	177,671,141
Adjustments for:			
Depreciation on equipment and fixtures	5.2	**63,787,323**	50,195,087
Depreciation on right-of-use assets	6	**726,927,683**	603,495,204
Provision for employees' end of service benefits liability	21.4	**35,135,698**	30,224,228
Finance income	27	**(51,887,547)**	(12,875,454)
Finance cost	28	**503,021,183**	277,738,466
Gain on sale of equipment and fixtures and termination of leases	5.2.1, 17	**(283,165,113)**	(135,522,082)
Provision for expected credit losses	11.2	**15,437**	8,353,485
Operating cash flows before working capital changes			
Stores and spares		**317,927**	943,967
Deposits for aircraft		**1,469,897**	8,725,261
Trade receivables		**(153,734,269)**	(77,874,718)
Prepayments and other current assets		**(30,785,060)**	(14,323,433)
Trade and other payables		**(1,089,150)**	(205,257,600)
Aircraft related provisions		**(100,750,057)**	(188,900,910)
Contract liabilities		**139,504,940**	2,232,435
Operating cash flows generated after changes in working capital		**1,266,663,814**	524,825,077
Employees' benefits paid	21.4	**(13,333,654)**	(15,446,927)
Finance income received		**51,887,547**	12,875,454
Net cash flows generated from operating activities		**1,305,217,707**	522,253,604
Cash flows from investing activities			
Acquisition of equipment and fixtures excluding pre- delivery payments		**(199,114,681)**	(222,885,064)
Pre-delivery payments made for aircraft		**(310,125,000)**	(436,500,000)
Refund of pre-delivery payments for aircraft		**370,500,000**	545,625,000
Net cashflows associated with acquisition of equipment and fixtures		**(138,739,681)**	(113,760,064)
Investment in bank deposits		**(56,250,000)**	-
Proceeds from the sale of equipment and fixtures		**268,639,676**	131,435,355
Net cash flows generated from investing activities		**73,649,995**	17,675,291
Cash flows from financing activities			
Payment of lease liabilities - principal element	17	**(413,709,047)**	(365,644,441)
Proceeds from loan	20	**-**	1,008,250,000
Repayment of loan		**(388,397,448)**	(75,000,000)
Finance cost paid		**(314,593,139)**	(216,777,418)
Net cash flows (used in) generated from financing activities		**(1,116,699,634)**	350,828,141
Net increase in cash and cash equivalents		**262,168,068**	890,757,036
Cash and cash equivalents at the beginning of the year		**1,188,320,331**	297,563,295
Cash and cash equivalents at the end of the year	13	**1,450,488,399**	1,188,320,331
Supplemental non-cash transactions during the year:			
Additions to right-of-use assets	6	**3,352,899,557**	1,829,473,974
Additions to lease liabilities	17	**2,307,050,187**	1,224,596,519
Termination of lease liabilities	17	**-**	(13,759,695)
Transfer of assets to the owners	11	**-**	121,162,264

The accompanying notes 1 to 39 form an integral part of these financial statements.
* Refer to note 38 regarding changes to comparatives.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the reissued financial statements
For the year ended December 31, 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company – A Single Person Joint Stock Company (the "Company") was incorporated in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying financial statements includes the accounts of the Company and its following branches:

Sr.No.	CR Number	Type of Branch	Location
1	4030298201	Domestic	Jeddah
2	4031102209	Domestic	Makkah
3	4650083751	Domestic	Al Madinah
4	78989	International	Egypt
5	902689	International	Turkey
6	16/00-0999920 C18	International	Algeria
7	17070	International	Morocco

Pursuant to the Ministry of Commerce and Investment Resolution No. Q/161 dated 02 Jumada AlThani 1438H (corresponding to 1 March 2017), the Company has been converted from a Limited Liability Company to a Single Person Joint Stock Company. Whereby National Air Services – NAS Holding Company (the "Parent Company") owns 100% of the share capital of the Company and is the Ultimate Controlling Party.

The Company's licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating, managing and maintenance of aircraft.

The Company performs its air transportation services, under the air operating certificate originally issued to the Parent Company by General Authority of Civil Aviation ("GACA") of KSA. During 2015, this air operating certificate was transferred by the Parent Company to the Company.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (thereafter referred to as IFRS as endorsed in KSA) and in compliance with the provisions of Regulations for Companies and the Company's By-laws.

2.2 Going concern

As at December 31, 2023G, the Company had accumulated losses of SAR 308 million (2022G: SAR 695 million) and net current liabilities of SAR 1,241 million (2022G: SAR 1,246 million). These events or conditions, alongside the operational challenges and market uncertainties inherent in the airline industry, may cast significant doubt on the Company's ability to continue as a going concern.

The Company operates as per the plan as of year-end date for the upcoming four years. This plan anticipates a significant positive impact on the Company's margins and profitability, primarily attributed to an increase in fleet size and the introduction of new routes. The Board of Directors has reviewed its latest financial forecasts covering a period of twelve months including plans to finance committed future aircraft deliveries (see Note 29) due within this period that are currently unfinanced and considering available committed financing for aircraft.

Note 31 to the financial statements sets out the Company's objectives, policies and procedures for managing its capital and liquidity and provides details of the risks related to financial instruments held by the Company. The Board of Directors have reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible risks. Flynas has developed a base case scenario that representsmanagement's best estimate of the Company's operational performance, factoring in future projections for Flynas low-cost carrier "LCC", Flynas Hajj & Umrah, and Flynas General Aviation operating segments.

The Company has access to an undrawn Murabaha Facility amounting to SAR 1.4 billion, further details of which can be found in Note 20.

Considering these factors and subsequent events occurring up to the date of approval of these reissued financial statements, the going concern assumption remained appropriate as of 31 December 2023G.

2.3 Historical cost convention

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated.

2.4 Basis of measurement

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

2.5 Reissuance

The financial statements of the Company for the year ended 31 December 2023G issued previously on 7 May 2024G have been withdrawn and are replaced by these reissued financial statements. Revisions were made to certain comparative amounts due to the consequential impact of changes made in the reissued financial statements for the year ended 31 December 2022G, that were reissued on 10 March 2025G. These changes primarily related to a change in the accounting policy for the distribution of non-cash assets to owners, from fair value to net book value, as well as certain other prior period adjustments, as explained in Note 38.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the reissued financial statements
For the year ended December 31, 2023G
(All amounts are in Saudi Riyals unless otherwise stated)

3 Material accounting policies

3.1 Classification of assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2 Equipment and fixtures

Equipment and fixtures including those related to aircraft are stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets, subsequent costs incurred for replacing parts of aircraft equipment, and capitalized borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Pre-delivery payments for the purchase of planes are generally not qualifying assets as it typically takes less than a year for the manufacturer to construct a narrow-body airplane.

Subsequent costs incurred which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of equipment and fixtures.

All repair and maintenance costs are recognized in the statement of profit or loss as incurred except for heavy maintenance expenditures carried out on certain leased and owned assets. Heavy maintenance costs incurred on owned assets which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. For more details on heavy maintenance costs on leased assets refer to Note 3.14 and 3.22.

3 Material accounting policies (continued)

3.2 Equipment and fixtures (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation is started when the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of its useful life or the lease term. The useful life of the assets are disclosed in note 5.1.

An item of equipment and fixtures is tested for impairment if any indicator is identified. Refer to note 3.11 for details.

An item of equipment and fixtures is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of aircraft related equipment and fixtures are reviewed at each reporting period end and adjusted prospectively, if appropriate.

Capital work in progress (CWIP) is not depreciated and is stated at cost less accumulated impairment losses, if any. These assets are transferred to aircraft related equipment and fixtures as and when assets are available for intended use. CWIP also includes pre-delivery payments ("PDPs") which are paid by the Company to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified under CWIP in the statement of financial position. PDPs, when paid, are recorded at historical exchange rates at the date of payment. In instances, where the Company enters in a sale and leaseback arrangements on the date of delivery for any new purchased aircraft with the lessors, any PDPs paid by the Company are refunded back to the Company by the aircraft manufacturer.

From time to time, the Company receives certain credits from manufacturers in connection with the acquisition of aircraft and engines, as compensation for disruption or due to other reasons. Such credits are typically recorded as a reduction to the cost of the related (or future) aircraft and engines.

3.3 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of 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 indefinite useful lives are not amortized, but are tested for impairment either annually or whenever there is an indication that the intangible asset may be impaired, individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

3 Material accounting policies (continued)

3.4 Financial instruments

3.4.1 Financial assets

Classification

The financial assets of the Company comprise of trade receivables, deposits of aircraft, cash and cash equivalents, bank deposits and other receivables. The company classifies its financial assets as those to be measured at amortized costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss "FVTPL" are expensed in the statement of profit or loss.

Subsequent measurement of the financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in the statement of profit or loss. Impairment losses are presented as separate line items in the statement of profit or loss. The Company subsequently measures all its financial assets at amortized costs.

Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortized cost.

The Company's trade receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 750 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

The Company applies the general model to measure the credit losses on financial assets other than trade receivables. The identified credit loss from these financial assets are not material.

3 Material accounting policies (continued)

3.4 Financial instruments (continued)

3.4.2 Financial liabilities

Initial recognition

Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurements

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.4.3 Offsetting of financial instruments

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

3.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in note 31 to these financial statements.

3.6 Deposits for Aircraft

Deposits for aircraft represent interest free security deposits placed with the leasing companies to secure the obligations of the leased aircraft. The deposits are initially measured at fair value and subsequently carried at amortized costs using the effective interest rate method less any allowance for impairment. Fair value of these deposits has been discounted based on an effective interest rate method.

3 Material accounting policies (continued)

3.7 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

3.8 Stores and spares

Stores and spares consist of consumable items which are not repairable and are consumed by the Company within the ordinary course of its business. Stores and spares are valued at the lower of cost and net realizable value. Cost comprise of invoice prices and related expenses incurred up to the statement of financial position date. Net realizable value consists of the estimated selling price during the normal course of business, net of any other cost required to complete the sale.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

3.9 Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand, bank balances and time deposits with original maturities of three months or less. Time deposits with maturities of more than three months but less than one year are classified as bank deposits.

3.10 Employees' benefits

Short-term employee benefits

Short-term employee benefits i.e. wages and salaries including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' end of service benefits

Employees' end of service benefits ("EOSB") are provided for in accordance with the requirements of the Saudi Arabian Labor Law for their period of service with the Company. The provision relating to end of service benefits is disclosed as a non-current liability in the statement of financial position and is calculated by an independent actuary using the Projected Unit Credit Cost method as per IAS 19 'Employee Benefits'. The defined benefit obligation plan is unfunded.

The present value of the defined benefit obligations calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. As KSA does not have a deep corporate bonds market, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows denominated in the currency in which the benefits will be paid. Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of other comprehensive income.

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3 Material accounting policies (continued)

3.11 Impairment of non-financial assets

The Company, at each reporting period, reviews its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

3.12 Revenue recognition

The Company revenue consists of three types of revenue streams: Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty collected on behalf of third parties.

Flynas LCC:

Flynas LCC revenue relates to the main operation of passenger commercial flights. The ticket price consists of the base fare and charges for other ancillary services. The revenue is measured based on the consideration specified in the contract (i.e ticket) with a customer and excludes amounts collected on behalf of third parties. Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Ancillary Services Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee). These services are provided along with the normal transportation service as an integrated service. The customer can not benefit from the individual service on its own or together with other resources readily available and the customer could not purchase only some of the services while omitting others. Hence, these services are considered to be a single performance obligation.

The Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). The revenue from the services are recognized at a point in time when the service is provided to the customer. This is when customers have accepted to board the flight for each journey and all other flight conditions are fulfilled.

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3 Material accounting policies (continued)

3.12 Revenue recognition (continued)

Flynas LCC: (continued)

Payments for the tickets are usually received upon booking for individual passengers and on extended credit terms for certain other channels of distribution. Performance obligations are generally satisfied subsequent to payment being received, resulting in contract liability being recorded in the statement of financial position. Amounts received in advance of fulfilling the performance obligation on a flight journey are recognized as contract liability until the service is provided. Any unused tickets are recognized as revenue on a no-show basis. In certain rare circumstances, such as major flight cancellations, the passengers' tickets are extended and can be utilized by the passengers within 1 year from the date of issuance of the ticket.

Further, in case of any changes from the customer on the tickets issued, the Company issues a travel voucher to the passengers. The Company records a liability for any travel vouchers issued by reversing the contract liability recorded on unused tickets and presenting this as a contract liability from travel vouchers in the statement of financial position. The liability is reversed upon the utilization of such travel vouchers and the revenue is recorded by the Company. All travel vouchers have an expiration date of 1 year from the date of issuance.

The management does not recognize any breakage revenue on unused tickets or travel vouchers issued as the impact is not material.

Loyalty program (Nas miles)

The Company operates a frequent flyer programme that provides loyalty points to programme members based on a mileage credit for flights with the Company and the tier status of each member. The Nas miles have a validity of one year from the month they are earned and these loyalty points can only be utilized to book flights in the future.

The Company accounts for Nas miles points as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Nas miles points based on their fair value and is accounted for as 'Customer loyalty points" within contract liability. The fair value is determined using estimation techniques that take into account the fair value of Nas miles points for which miles could be redeemed. Revenue is recognized in the statement of profit or loss only when the Company fulfills its obligation by supplying Flynas LCC revenue services on the redemption of the miles accrued.

Flynas Hajj & Umrah:

Special flights for Hajj Season

A part of Flynas Hajj & Umrah revenue relates to the revenue from the operation of special flights for Hajj under the service level agreement with the governments or the authorized agencies of such governments for transportation of passengers ('Pilgrims') during the Hajj season. The revenue is measured based on the consideration specified in the service level agreements and excludes amounts collected on behalf of third parties.

The revenue is recognized as the contracted flights occur as per the service level agreements. Typically, the payment for such services are received in advance and the duration of services provided is not more than two months coinciding with the Hajj Season. As such there is no significant financing component in these arrangements.

3 Material accounting policies (continued)

3.12 Revenue recognition (continued)

Flynas Hajj & Umrah: (continued)

Hajj Facilitation services during Hajj Season

An element of Flynas Hajj & Umrah revenue also includes Hajj facilitation services provided by the Company as part of Hajj Season for international Pilgrims under an agreement with the Government of Saudi Arabia. The service represents operating flights as a principal and arranging hotel accommodation. The revenue is recognised as the services are provided as per the service level agreement. The duration of these services is commensurate with duration of special flights flown during Hajj season.

A receivable is recognised when the service has been provided by the Company as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms with the Government are based on commercially agreeable terms.

Flynas General Aviation:

The Flynas General Aviation revenue includes the revenue earned from the provision of charter flights and aviation services to parties under the contract. The charter flight services includes provision of transportation services for a particular volume of air travel over a particular period of time and other related services (such as provision of crew, maintenance of aircraft and other ancillary services) that are considered an integral part of air travel and are not distinct performance obligations. The revenue is measured based on the consideration specified in the contract with the customers and excludes amounts collected on behalf of third parties. The contracts are based on the number of trips or flying hours. Revenue from providing these services is recognised over time as the performance obligation relating to the contracts are fulfilled. The customers are invoiced on a monthly basis and the payment terms for the customer are in accordance with each contract with the customer.

Principal vs agent

The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the good or service.

The Company has concluded that it acts as a principal in all the aforementioned revenue arrangements because it controls the services before transferring them to the customers. For the below revenue arrangements, the Company acts as an agent:

a. The Company under codeshare arrangements:

The Company acts as an agent where it sells air transport tickets under codeshare arrangements for passengers to fly on a codeshare partners aircraft. The Company does not have inventory risk and is not primarily responsible for operating the codeshare partner's flight. In these cases, the Company acts as an agent and recognizes the net margin which is the predefined rate per mile flown.

b. The Company's partnership with hotels, car rental companies, and other travel related services:

The Company has partnership agreements with hotels, car rental companies, duty free shops, insurance companies and other travel related services. In all of these agreements, the Company is not primarily responsible to fulfill customer requirements and does not control any of the goods or services. The Company earns a commission income and recognizes that as the related performance obligations are fulfilled.

The net margin from these arrangements is included within Flynas LCC services.

3 Material accounting policies (continued)

3.13 Contract liabilities

Contract liabilities mainly represents unutilized tickets, customer loyalty points on miles earned from the frequent flyer program and deposit from customers. For more information refer to Note 3.12

3.14 Leases

General Lease Accounting

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset (redelivery cost), less any lease incentives received. Redelivery cost (return condition) represents the estimate of the cost to meet the contractual lease end obligations of the aircraft at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation is recognised and capitalized as part of the right-of-use asset.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, the useful life and method of the right-of-use assets are mentioned in note 6.2. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability, refer to note 3.11 for more details.

Flynas acquires the right to use aircraft and related assets which are manufactured as per bespoke specifications and design, and are delivered mainly through sale and leaseback arrangements. Refer to note 4.1.4 for more details.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- The costs of restoring or dismantling assets.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. These typically relate to wet lease arrangements with third parties that have a lease duration of not more than six-months in connection with the facilitation of Hajj and Umrah operations.

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3 Material accounting policies (continued)

3.14 Leases (continued)

Sale and leaseback transactions:

The Company regularly enters into sale and leaseback transactions. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right-of-use asset and lease liability is recognized. The right-of-use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within aircraft related equipment and fixtures, and a liability is recognized equal to the financing proceeds.

Heavy maintenance accounting:

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components (in case of aircraft engines these essentially relate to replacement of limited life parts and engine performance restoration and other aircraft components such as landing gear and auxiliary power units, etc) during the lease term and to return the aircraft to the lessor in a specified condition at the end of the lease term (return conditions).

The Company has an obligation to return the leased aircraft and their components according to redelivery conditions specified in the lease agreements. If the condition of the aircraft and its components, at the time of redelivery, differs from the agreed redelivery condition, the Company needs to maintain the aircraft and its components so that it meets the agreed conditions or alternatively the lessor may accept compensation for the expense it may incur to restore the aircraft and its components.

At the lease commencement date, the present value of the expected cost of the restoration that the Company is contractually obligated to incur is recognised and capitalized as part of the right-of-use asset and depreciated over the lease term. The expected costs of restoration that is capitalized as part of the right-of-use asset is the minimum unavoidable costs that the Company is contractually obligated to incur which is essentially triggered when the aircraft has carried out its first flight. The corresponding liability is recorded within "Aircraft related Provisions". The liabilities are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

In addition, the Company follows a componentize and depreciate model for its major components (such as engine life limited parts, engine performance restoration, landing gear, auxiliary power units, aircraft related checks, etc). At the inception of the lease, the cost of these significant components are recognised as a separate component in 'Maintenance assets and redelivery cost' within the right-of-use assets and depreciated over its useful economic life at which point the existing components are replaced and the cost of the new component is capitalized.

All other regular maintenance (non-heavy maintenance) are expensed as incurred in the statement of profit or loss.

3.15 Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit or loss over the period of the loans using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

3 Material accounting policies (continued)

3.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months after the reporting period.

3.17 Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

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

An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company, to assess whether provision is required.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3.18 Zakat

National Air Services - NAS Holding (the Parent Company) files zakat returns on a consolidated basis. Accordingly, the Company's zakat charge is initially estimated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company. Provision for zakat for the Company, if any, is charged to the statement of profit or loss and any amount payable is paid by the Company directly to ZATCA. Additional amounts payable, if any, at the finalization of final assessments at the Parent Company level are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in KSA as required under Saudi Arabian Income Tax Law.

3.19 Statutory reserve

The By-laws of the Company requires to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital.

3.20 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the financial statements date. All differences are recognized in the statement of profit or loss.

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3 Material accounting policies (continued)

3.21 Operating profit /loss

Operating profit / loss is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit /loss excludes finance costs, finance income and other non-operating expenses.

3.22 Routine maintenance and repairs

Maintenance and repair costs for leased aircraft are charged to maintenance and other aircraft costs as incurred, with the exception of maintenance and repair costs related to heavy maintenance expenditures and return conditions on aircraft under lease. Refer to Note 3.14 for details relating to heavy maintenance expenditures.

3.23 Selling and marketing, general and administrative expenses

Selling and marketing, general and administrative expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of providing services and selling and marketing, general and administrative expenses, when required, are made on a consistent basis.

3.24 Interest income or expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in the statement of profit or loss.

3.25 Government grants

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.26 Segmental Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's relevant business heads (Chief Operating Decision Makers "CODM") which in the Company's case is to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Company's CODM include three operating segments, being its Flynas LCC, Flynas Hajj & Umrah and Flynas General Aviation. Segment results that are reported to the Company's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The CODM assesses the performance of the business based on the three operational segments and the resource allocation decisions are based on their performance for the relevant period, with the objective in making these resource allocation decisions being to optimize financial results.

Refer to note 23 for details relating to segmental reporting.

3 Material accounting policies (continued)

3.27 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year including the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

4 Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

4.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

4.1.1 Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its business for the foreseeable future. The management has carried out a sensitivity on the resources disclosed in Note 2.2 on which it has based its judgment. The management believes that reasonable changes in the resources will not significantly affect the Company's ability to continue as a going concern.

4.1.2 Useful life of AOC

During 2015, the Parent Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company. AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations.

AOC has a remaining legal useful life of two years but is renewable every two years with insignificant cost. The Company intends to renew the AOC continuously and evidence based on past experience supports its ability to do so and any conditions necessary to obtain renewal will be satisfied. An analysis of life cycle studies and market and competitive trends provides evidence that AOC will generate net cash inflows for an indefinite period. Accordingly, the management has applied its judgment and has concluded the useful life of the AOC to be indefinite. The AOC is carried at cost without amortization, but is tested for impairment on an annual basis. See also note 7.

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4 Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

4.1.3 Use of Net Book Value Approach for Distribution of Receivables

Following a regulatory review by the Capital Market Authority, the Company reassessed its policy choice when distributing non-cash assets to a controlling shareholder and applied the net book value approach instead of fair value for the distribution of receivables arising in the prior year. This adjustment eliminates the previously recognized gain in profit or loss in the comparative year. Such transactions are outside the scope of IFRIC 17 and generally accepted practice is to account for such distributions at either book value or fair value. In light of the Capital Market Authority's views on the matter these reissued financial statements have applied the book value policy approach. See Note 38 for further details.

4.1.4 Control on aircraft in a sale and leaseback transactions

The Company regularly enters sale and leaseback transactions with various lessors for its newly purchased aircraft and engines. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right of use asset and lease liability is recognized. The right of use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction.

The Company enters a sale and leaseback transaction with the lessor on the same date it receives delivery of the new aircraft and engines. The Company has applied significant judgment to assess if it has obtained control over the aircraft and engines purchased before it is sold and leased back from the lessor. Under the original terms of the contract with the manufacturer, the Company has the rights and obligation to purchase a specific aircraft and engines. It is purely at the Company's discretion whether to complete the purchase for cash or seek to arrange a lease with a lessor of their choice. In cases where the lease agreement does not include a purchase option, the Company considers itself to have sold the aircraft and engines that it was entitled to, to its chosen lessor and leased it back. Accordingly, the Company considers itself to obtain control of the aircraft and engines prior to entering the lease arrangement with the lessor.

4.1.5 Leases - Heavy maintenance expenditures on return conditions

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The accounting policy for the right of use asset, lease liability, heavy maintenance expenditure incurred during the lease term and the heavy maintenance required as per the return condition is disclosed in Note 3.14.

The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. These are contractual obligations in the lease contract in respect of the return conditions, which require the aircraft to be in a specified condition on their return at the end of the lease term. If the condition at the time of redelivery differs from the agreed redelivery condition, the Company needs to perform maintenance on the asset so that it meets the agreed conditions.

The maintenance costs for return conditions can be divided into two main groups:

- costs that are incurred independent of the usage of the aircraft and
- costs that are incurred dependent on the usage of the aircraft

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4 Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

4.1.5 Leases - Heavy maintenance expenditures on return conditions (continued)

The Company has applied significant judgment in determining which costs the Company becomes obligated for over time and which exist at commencement of the lease. The Company's leases typically require specified parts to be returned in a full remaining life condition so the obligation to perform the relevant maintenance exists on commencement of the lease as the work has to be performed as a result of the delivery flight.

Major components that are replaced infrequently and overhaul events which occur infrequently are componentized and depreciated separately from the main ROU asset. When the component is replaced or the item is overhauled the previous carrying amount for the component is derecognized and replaced by the cost of the new component. Where the life of a component is the same as the main ROU asset, the component is not separately depreciated.

4.2 Assumption and estimation uncertainties

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Impairment of indefinite lived assets (AOC)

The Company assesses on an annual basis or more frequently if events or changes in circumstances indicate that the indefinite lived assets of the Company are impaired. The Company assesses whether the carrying value of its indefinite lived assets (AOC) is lower than its recoverable amount. Where the carrying amount of these assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of the indefinite lived assets (AOC) is determined based on the higher of its fair value less costs of disposal or value in use. The management has determined the recoverable amount using the fair value approach. Details relating to the model used by the management in determining the recoverable amount including the key estimates used and the sensitivities relating to these estimates are disclosed within Note 7.

ii. Measurement of return condition provision

Estimates involved in calculating the provision required include the inflation rates, expected date of the maintenance work, market prices for maintenance checks, the likely utilization of the asset in terms of either flying hours or cycles from the second last event until the redelivery date, and the regulations in relation to extensions to lives of life-limited parts, which form a significant proportion of the cost incurred in these maintenance event.

Assumptions made in respect of the provision for the return condition are reviewed for all aircraft annually. In addition, when further information becomes available which could materially change an estimate made, such as a heavy-duty maintenance check taking place, utilization assumptions changing, or return conditions being re-negotiated, then specific estimates are reviewed immediately, and the liability and right of use asset if applicable is adjusted accordingly. Actual charges may differ from the charges accrued and the differences are accounted for on a prospective basis. Given the uncertainty in forecasting future maintenance requirements, and the associated judgmental nature of the assumptions applied in determining the maintenance costs, management believes that a reasonable combination of changes to these estimates could result in a material movement to the expense recognised and the carrying value of the provision and the right of use of assets recognised. Should the assumptions change by 5%, this will cause a change in the carrying value of the provision and the right of use of assets recognised by SAR 141.2 million (2022G: SAR 85.3 million) and SAR 111.5 million (2022G: SAR 53.5 million) respectively.

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4 Significant accounting judgments, estimates and assumptions (continued)

4.2 Assumption and estimation uncertainties (continued)

iii. Leases - Discount rate for return conditions provision

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. The liabilities are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

If the discount rate changes by 5%, this will cause a change in the right-of-use of assets by SAR 49 million (2022G: SAR 37.3 million) and the aircraft related provisions by SAR 62.1 million (2022G: SAR 23.4 million).

iv. Sale and leaseback fair value

The Company routinely enters into sale and leaseback transactions on new planes added to the fleet. In a sale and leaseback transaction it is necessary to assess whether the sale price and rentals are at fair value or off-market. To the extent that transactions are off-market, adjustments are required by IFRS 16 to return the transaction to market terms. This is achieved by deeming either additional financing to be present or that the lessee made a bullet upfront lease payment, depending on whether the sale price was above or below market prices respectively. These adjustments also affect the profit recorded on the sale and leaseback transaction with a deemed sale at undervalue increasing the profit recorded on the date of the transaction and vice versa.

During the year, the Company recorded gains on sale and leaseback transactions of SAR 283.1 million (2022G: SAR 131.7 million) partially due to adjustment of off-market elements in leases and cash credit from OEMs. If the fair value of the aircraft reduce by 10%, the gain on sale and leaseback transactions would change by SAR 99.1 million (2022G: SAR 43.9 million).

5 Equipment and fixtures

	Note	2023G	2022G
Equipment and fixtures	5.2	**561,477,662**	430,600,911
Capital work in progress (CWIP)	5.3.1	**606,086,049**	647,485,005
		1,167,563,711	1,078,085,916

5.1 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Number of years
Aircraft and Aircraft equipment *	3 to 20 years
Modification on leased aircraft and leasehold improvements	3 - 5 years or period of lease, whichever is shorter
Furniture and fixtures	3 - 4 years or period of lease, whichever is shorter

* Aircraft equipment consists of owned spare engines, rotable and repairable spare parts.

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5 Equipment and fixtures (continued)

5.2 Equipment and fixtures

	Note	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at January 1, 2022G		231,010,827	29,122,751	2,296,625	262,430,203
Cost					
As at January 1, 2022G		621,768,863	76,810,541	17,479,730	716,059,134
Additions		1,577,068,308	-	857,427	1,577,925,735
Disposals	5.2.1	(1,553,542,778)	-	-	(1,553,542,778)
Transfers from CWIP	5.3	183,738,348	10,244,490	-	193,982,838
At December 31, 2022G		829,032,741	87,055,031	18,337,157	934,424,929
Accumulated depreciation					
As at January 1, 2022G		390,758,036	47,687,790	15,183,105	453,628,931
Charge for the year		43,578,088	5,194,901	1,422,098	50,195,087
At December 31, 2022G		434,336,124	52,882,691	16,605,203	503,824,018
Net book value as at December 31,2022G		394,696,617	34,172,340	1,731,954	430,600,911

	Note	Aircraft and Aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at January 1, 2023G		394,696,617	34,172,340	1,731,954	430,600,911
Cost					
As at January 1, 2023G		829,032,741	87,055,031	18,337,157	934,424,929
Additions		3,712,536,555	-	5,447,744	3,717,984,299
Disposals	5.2.1	(3,715,200,587)	-	-	(3,715,200,587)
Transfers from CWIP	5.3	189,240,362	-	2,640,000	191,880,362
At December 31, 2023G		1,015,609,071	87,055,031	26,424,901	1,129,089,003
Accumulated depreciation					
As at January 1, 2023G		434,336,124	52,882,691	16,605,203	503,824,018
Charge for the year		56,508,025	4,774,565	2,504,733	63,787,323
At December 31, 2023G		490,844,149	57,657,256	19,109,936	567,611,341
Net book value as at December 31,2023G		524,764,922	29,397,775	7,314,965	561,477,662

* Included within Aircraft and Aircraft equipment are aircraft purchased and immediately disposed amounting to SAR 3.71 billion (2022G: SAR 1.55 billion) relating to sale and leaseback transactions, refer to 5.2.1 for more details. As at 31 December 2023G and 2022G, the Company does not have any owned aircraft.

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5 Equipment and fixtures (continued)

5.2 Equipment and fixtures (continued)

Depreciation expense breakup	2023G	2022G
Cost of revenue (note 24)	**61,282,590**	48,772,989
General and administrative expenses (note 26)	**2,504,733**	1,422,098
	63,787,323	50,195,087

5.2.1 Sale and leaseback arrangements

During the year, the Company has entered into sale and lease back transaction for newly delivered aircraft that resulted in a cumulative gain of SAR 283 million (2022G: SAR 131.7 million) that was recognized in the statement of profit or loss.

5.3 Capital work in progress

Capital work in progress as at December 31, 2023G and 2022G consists of advances paid in respect of pre-delivery payment of aircraft amounting to SAR 534.8 million (2022G: SAR 596.2 million) and a spare engine amounting to SAR 65.8 (2022G: SAR 44.1 million).

5.3.1 Movement in CWIP

	2023G	2022G
January 1,	**647,485,005**	752,090,736
Additions	**520,981,406**	635,002,107
Refunds and adjustments	**(370,500,000)**	(545,625,000)
Transfers to equipment and fixtures	**(191,880,362)**	(193,982,838)
December 31,	**606,086,049**	647,485,005

6 Right-of-use assets

The cost of right-of-use assets is depreciated over a straight-line method over the estimated useful life of the assets based on the period of the lease contracts.

	2023G	2022G
January 1,	**5,050,112,993**	3,833,807,192
Additions	**3,352,899,557**	1,829,473,974
Termination	**-**	(9,672,969)
Depreciation	**(726,927,683)**	(603,495,204)
December 31,	**7,676,084,867**	5,050,112,993

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6 Right-of-use assets (continued)

6.1 The right-of-use assets are segregated as below:

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at January 1, 2022G	2,716,270,978	44,996,786	1,072,539,428	3,833,807,192
Additions	1,581,811,559	79,001,972	168,660,443	1,829,473,974
Termination	-	(9,672,969)	-	(9,672,969)
Depreciation	(408,519,923)	(24,454,155)	(170,521,126)	(603,495,204)
At December 31, 2022G	3,889,562,614	89,871,634	1,070,678,745	5,050,112,993

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at January 1, 2023G	**3,889,562,614**	**89,871,634**	**1,070,678,745**	**5,050,112,993**
Additions, net	**1,959,339,998**	**10,736,598**	**1,382,822,961**	**3,352,899,557**
Depreciation	**(475,838,352)**	**(23,241,530)**	**(227,847,801)**	**(726,927,683)**
At December 31, 2023G	**5,373,064,260**	**77,366,702**	**2,225,653,905**	**7,676,084,867**

6.2 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Component	Nature of the component	Number of years, hours, or cycles
Airframe	The structural frame of the aircraft is fully obligated and provided for on commencement of the lease as part of the airframe checks.	Life of the lease, typically 12 years
Landing Gear components	Landing gear provides a suspension system during taxi, take-off and landing.	10 years
Engine Performance	Engine performance is required to be assessed and maintained over the flight hours.	12,000 engine flight hours or period of lease, whichever is shorter
Auxiliary Power Unit (APU)	APU is a small gas turbine engine mounted in the tail cone of an aircraft to provide autonomous electrical and mechanical power. It is maintained over the flight hours.	7,500 engine flight hours or period of lease, whichever is shorter
Engine Life Limited parts (Engine LLP)	Engine LLP are rotors and major static structural parts whose primary failure is likely to result in a hazardous engine effect. Typically, engine life-limited parts include, but are not limited to disks, spacers, hubs, shafts, high-pressure casings, and non-redundant mount components. They are required to be replaced after a specified engine cycles.	20,000 engine cycles or period of lease, whichever is shorter

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7 Intangible asset

During 2015, pursuant to approval from the Parent Company's Board of Directors and its shareholders, the Parent Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company at its fair value of SAR 2,000 million, through non-cash consideration.

AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations. Management has assessed the useful life of AOC and concluded that it has indefinite useful life. (Also see judgment note on useful life of AOC).

Based on the annual impairment assessment, the management concluded that there is no impairment required as the recoverable value of AOC is more than the carrying value. The management appointed an external expert for impairment assessment. The details about valuation method are provided in note 7.1 below:

7.1 Valuation method

The recoverable amount of the AOC is determined based on the higher of its fair value less costs of disposal or value in use. The management has determined the recoverable amount using the fair value less cost of disposal approach.

The Company has consistently applied the fair value less cost of disposal approach to assess the impairment of AOC. The fair value was based on the income approach i.e., "Green field method". This method is based on the assumption that a business commences its trade at the measurement date with only the asset in question and accordingly generates cash flows over its economic life. The Greenfield approach is based on a build up profile from inception, considering the historical performance of Flynas, a regional low cost carrier and general estimates for low cost carriers in the aviation industry, to the extent possible.

The fair value measurement is categorized as a level 3 input in the fair value hierarchy i.e., inputs to the model are not based on observable market data.

Key assumptions used to determine the fair value is as follows:

Cash flow projections

For valuation purposes, 17 years cash flow projections were used and for the later period terminal value was based on earning multiple i.e., Gordon Growth Model.

Discount rate

Discount rate is based on build up approach that is based on past experience and external sources, comprising of the following:

- The real yield on long term US Bonds (given the lack of default free government bonds in the region)
- Average long term KSA inflation premium based on long term inflation expectations
- The equity risk premium
- Country risk premium
- Average beta of aviation sector in the emerging markets
- Average gearing of aviation sector in the emerging markets
- Size and specific risk premium

While performing the valuation, the discount rate was estimated in the range of 16% to 17%.

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7 Intangible asset (continued)

7.1 Valuation method (continued)

Terminal Growth Rate (TGR) used to extrapolate cash flows beyond forecast period

This TGR has been determined based on the long-term inflation forecast of the Kingdom of Saudi Arabia and the terminal growth rate used was at 2.4%. The TGR is consistent with forecasts included in industry reports.

Sensitivity analysis as at 31 December 2023G

The recoverable amount calculated by the above-mentioned approach exceeds the carrying amount by SAR 1,000 million. Given below is the impact of sensitivity analysis on the fair value of AoC due to standalone changes in key assumptions used in the valuation of AOC, considering all other assumptions are being constant:

	Chance in percentage by %	Impact on the fair value of AOC by SAR million
Increase in discount rate	1%	553
Decrease in passenger yield	5%	721
Decrease in load factor*	5%	861
Decrease in Terminal Growth Rate	1%	152

* Decreased the load factor of base year (i.e. FY26 by 500 basis points and capping it to 65% from FY34 thereafter)

None of the above changes in discount rate, passenger yield, load factor and terminal growth rate will reduce the fair value of AoC to such an extent as to result in impairment charges.

8 Investment in associates

During the fiscal year ended December 31, 2023G, the Company executed the transfer of its ownership in associates to the Parent Company. The transfer was 2% ownership stake and was executed at the carrying amount, resulting in the absence of any gain or loss recognition in the statement of profit or loss. As a consequence of this divestiture, the Company no longer maintains any investments in associates at year end.

Unquoted limited liability companies registered in KSA	2023G	2022G
Flynas Hajj & Umrah Company Limited	-	6,000
NAS Private Aviation Company Limited	-	6,000
NAS Aircraft Technical Services Company Limited	-	6,000
	-	18,000

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9 Stores and spares

	Note	2023G	2022G
Stores and spares		**9,674,921**	11,873,586
Less: Provision for obsolescence	9.1	**(6,503,262)**	(8,384,000)
		3,171,659	3,489,586

9.1 Movement in provision for obsolescence

	2023G	2022G
January 1,	**8,384,000**	8,384,000
Utilized during the year	**(1,880,738)**	-
December 31,	**6,503,262**	8,384,000

10 Deposits for aircraft

	2023G	2022G
Non-current portion	**55,269,056**	53,969,093
Current portion	**36,136,390**	38,906,250
	91,405,446	92,875,343

Credit risk for deposits in aircraft is disclosed in note 31.1.

11 Trade receivables

	Note	2023G	2022G
Third party customers		**286,087,072**	194,179,873
Related parties	32.3	**91,369,087**	29,542,017
Allowance for expected credit losses	11.1	**(77,788,556)**	(77,773,119)
		299,667,603	145,948,771

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

11.1 Set out below is the movement in the allowance for expected credit losses of trade receivables:

Movement in allowance for expected credit losses on trade receivables:

	2023G	2022G
January 1,	**170,819,470**	162,465,985
Derecognised on distribution of receivable (Refer note 38)		(93,046,351)
Provision for expected credit losses	**15,437**	8,353,485
December 31,	**77,788,556**	77,773,119

Refer to note 4.1.3 and note 38 for more details. No such transfers were made during the year 2023G.
Note 31.1 to the financial statements includes credit risk disclosures.

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12 Prepayments and other current assets

	Note	2023G	2022G
Receivable from Parent Company		**24,693,355**	-
Progress payments for aircraft maintenance expenditure		**8,078,454**	-
Deposits to vendors	12.1	**44,578,563**	55,945,710
Deposit to suppliers		**18,750,614**	22,540,995
Prepayments		**9,661,074**	2,769,802
Contract assets		**8,226,298**	3,598,737
Other receivables		**6,041,364**	4,389,418
		120,029,722	89,244,662

12.1 The balance represents security deposits paid to vendors mainly for fuel, civil aviation authorities and handling agents.

Note 31.1 to the financial statements includes credit risk disclosures.

13 Cash and cash equivalents and bank deposits

	2023G	2022G
Cash in hand	**1,208,053**	1,093,352
Cash at banks	**490,442,913**	298,430,904
Bank deposits	**958,837,433**	888,796,075
Cash and cash equivalents	**1,450,488,399**	1,188,320,331
Bank deposits - with original maturity of more than 3 months	**56,250,000**	-
Cash and cash equivalents and bank deposits	**1,506,738,399**	1,188,320,331

14 Share capital

As at December 31, 2023G and 2022G, the authorized, issued and fully paid share capital of the Company consists of 153,425,000 shares of SAR 10 each. Each ordinary share carries one vote.

14.1 Contribution from shareholders

Contribution from shareholders is classified as equity when there is no contractual obligation to transfer cash or another financial asset to the shareholders. Non-monetary contributions from the shareholders are carried at fair value.

15 Statutory reserves

The By-laws of the Company require to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital. No transfer has been made during the current year due to the accumulated losses of the Company.

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16 Trade and other payables

	Note	2023G	2022G
Trade payables		**1,030,859,851**	928,716,562
Due to related parties	16.1	**8,760,430**	25,330,498
Accrued expenses		**518,035,318**	485,523,585
Passenger taxes payable		**125,504,976**	163,241,412
Taxes payable (Zakat and VAT)		**43,380,926**	33,156,294
Other payables	16.2	**151,921,763**	211,606,350
		1,878,463,264	1,847,574,701
Non-current portion	16.3	**(123,972,663)**	(221,827,095)
Current portion		**1,754,490,601**	1,625,747,606

16.1 Represents payable to related parties for various services acquired for the operation of the Company i.e. trade payable to related parties.

16.2 The balance primarily relates to liabilities for withholding taxes on payments to international suppliers across various jurisdictions. The payables for these liabilities have been determined in anticipation of unfavorable outcome. Given the expectation of resolving these issues in the near term, these liabilities are classified as short-term payables.

16.3 During 2019G, the Company submitted a repayment plan to GACA and requested to reschedule amounts payable to GACA over a five year period with commitment to settle any new invoices as and when it becomes due. GACA has accepted the repayment plan of the Company which was approved by the Ministry of Finance during 2021G.

Starting 2019G such non-current liabilities arising from arrangements have been re-measured at their present value in the financial statements.

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17 Lease liabilities

	2023G	2022G
January 1,	**3,631,708,726**	2,783,010,181
Additions	**2,307,050,187**	1,224,596,519
Termination	**-**	(13,759,695)
Finance cost (note 28)	**251,188,214**	137,588,552
Payments	**(664,897,261)**	(499,726,831)
December 31,	**5,525,049,866**	3,631,708,726

17.1 Lease liabilities are segregated as below:

	2023G	2022G
Current portion	**540,647,907**	401,216,907
Non-current portion	**4,984,401,959**	3,230,491,819
	5,525,049,866	3,631,708,726

The total cash outflow resulting from leases for the year as at December 31, 2023G amounted to SAR 1,191.4 million (December 31, 2022G: SAR 694.8 million).

Expenses relating to short-term leases during the year 2023G amounted to 526.4 million (2022G: SAR 195 million) (note 23).

The Company did not record any gain or loss from termination of leases during 2023G (2022G: gain of SAR 4.1 million).

18 Aircraft related provisions

Aircraft related provisions consist of heavy maintenance and re-delivery cost of aircraft.

	2023G	2022G
January 1,	**1,705,538,660**	1,228,185,005
Additions	**1,092,636,773**	604,075,476
Finance cost (note 28)	**126,193,754**	62,179,089
Payments	**(100,750,057)**	(188,900,910)
	2,823,619,130	1,705,538,660

18.1 Aircraft related provisions are segregated as below:

	2023G	2022G
Current portion	**157,015,745**	100,750,056
Non-current portion	**2,666,603,385**	1,604,788,604
	2,823,619,130	1,705,538,660

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19 Contract liabilities

	Note	2023G	2022G
Unutilized tickets	19.1	**322,142,481**	176,261,538
Customer loyalty points	19.2	**9,127,438**	16,670,474
Deposit from customers	19.3	**3,921,153**	2,754,120
		335,191,072	195,686,132
Revenue recognized during the year that was included in the contract liabilities balance at the beginning of the year		**176,261,538**	161,633,113

19.1 Revenue deferred during the year was SAR 5.4 billion (2022G: SAR 4.4 billion) and revenue recognized during the year amounted to SAR 5.2 billion (2022G: SAR 4.4 billion).

19.2 Customer loyalty points redeemed and expired during the year were SAR 17.5 million (2022G: SAR 7.6 million) and points earned and sold during the year were SAR 10 million (2022G: SAR 7.7 million). Customer loyalty points have one year expiration.

19.3 Deposit from customers (i.e. travel vouchers), if any, are expected to be recognized within one year.

20 Loans

	Note	2023G	2022G
Murabaha Facility	20.1	**625,218,750**	843,750,000
Saudi Industrial Development Fund	20.2	**75,000,000**	224,866,198
Saudi Industrial Development Fund	20.3	**144,500,000**	164,500,000
		844,718,750	1,233,116,198

	2023G	2022G
Current portion	**419,487,500**	388,397,448
Non-current portion	**425,231,250**	844,718,750
	844,718,750	1,233,116,198

20.1 During 2022G, the Company signed a Master Murabaha Agreement (the "Facility") with a consortium of banks through a participating agent for an amount of SAR 2.25 billion. The first drawdown request in relation to the Facility was completed during 2022G for an amount of SAR 843.75 million. The repayment plan is split into 36 equal monthly installments commencing from the month of January 2023G.

The Facility is pledged against certain receivables arising in connection with the collections under a Billing and Settlement Plan ('IATA BSP') with the International Air Transport Association ('IATA') and under e-Pay Agreement with a commercial bank. The related collections are assigned towards repayment of this Murabaha Facility. However, the Company's contractual right to receive cash flows from these receivable balances have not expired nor the Company has transferred these receivable balances to the bank. As at 31 December 2023G, the carrying value of receivables pledged against this facility amounts to SAR 40.4 million (2022G: SAR 34 million).

The Facility carries a markup margin which is based on market rate plus one-month Saudi Interbank Offer Rate ('SAIBOR') rate and includes certain financial covenants with respect to minimum cash balance and net leverage ratio. The Company has complied with all its covenants as at 31 December 2023G.

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20 Loans (continued)

20.2 During 2020G, the Company obtained a loan of SAR 300 million from Saudi Industrial Development Fund (SIDF). During the month of August 2022G, the Company carried out first payment of its installment due in respect of this loan and rescheduled the remaining portion of the loan into 3 equal semi-annual installments of SAR 75 million each starting from February 2023G and spreading across till February 2024G. During 2022G, the Company has considered this change as modification of the existing facility and resulting gain arising on the restructuring has been recognized in the statement of profit or loss as part of finance income.

The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF. The Company has complied with all of its covenants as at 31 December 2023G.

20.3 During 2022G, the Company obtained an additional loan facility from SIDF for an amount of SAR 164.50 million under the Transportation Sector Support Initiative program. The loan is repayable in 4 semi-annual installments commencing from December 2023G spreading over to until June 2025G. The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF.

SIDF loans contain certain financial covenants such as restrictions on dividends distribution, utilizing any offering of shares for repayment of the loan and utilizing the loan for its intended purposes. The Company has complied with all of its covenants as at 31 December 2023G.

21 Employees' end of service benefits liabilities

21.1 Actuarial valuation

The most recent actuarial valuation was performed as of December 31, 2023G, by an independent actuary:

21.2 Principal actuarial assumptions

	2023G	2022G
Salary increase rate	**4.8%**	4.0%
Discount rate	**5.1%**	5.2%
Mortality rate	**80% of AM80 table**	80% of AM80 table
Turnover rate	**16%**	16%

The actuarial valuation was conducted using the Projected Unit Credit method.

21.3 Employees' end of service benefits expense

	2023G	2022G
Current service cost	**32,282,929**	29,951,805
Interest cost on benefit liabilities	**2,852,769**	272,423
	35,135,698	30,224,228

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21 Employees' end of service benefits liabilities (continued)

21.4 Movement of present value of employees' end of service benefits liability

	Note	2023G	2022G
January 1,		**195,240,287**	198,584,220
Charge for the year	21.3	**35,135,698**	30,224,228
Benefits paid		**(13,333,654)**	(15,446,927)
Remeasurement loss (gain) on employees' end of service benefits liabilities		**14,459,472**	(18,121,234)
December 31,		**231,501,803**	195,240,287

21.5 Employees' end of service benefits liability sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' end of service benefits liability as at December 31, 2023G and December 31, 2022G is shown below:

Assumptions	Salary increase rate		Discount rate	
Sensitivity level	1%	1%	1%	1%
	Increase	Decrease	Increase	Decrease
December 31, 2023G	**241,551**	**218,452**	**(218,287)**	**241,986**
December 31, 2022G	200,693	183,276	(183,316)	200,822

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' end of service benefits liability as a result of reasonable changes in key assumptions occurring as at December 31, 2023G and December 31, 2022G. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The sensitivity analysis above does not include the impact of changes in experience adjustments which impacts the remeasurement (gain) or loss disclosed above.

The weighted average duration of the end of service benefits plan obligation as at December 31, 2023G is 5.29 years (2022G: 5.3 years).

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22 Zakat

Charge for the year and status of assessments

Filing as part of the Parent Company:

From the year 2013, zakat returns are filed on a consolidated basis by the Parent Company. Accordingly, the Company's zakat charge for the year is initially calculated at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company, if any. During the year, SAR 16.5 million (2022G: SAR 5.9 million) was allocated to the Company by the Parent Company in relation to the zakat charge for the year ended December 31, 2023G.

Individual filing:

ZATCA has raised initial assessments for the year ended and up to December 31, 2011. The assessment for the years from 2012 has not yet been raised by ZATCA.

23 Revenue and segmental reporting

	2023G	2022G
Flynas LCC	**5,198,772,492**	4,354,526,025
Flynas Hajj & Umrah	**980,863,493**	285,927,455
Flynas General Aviation	**182,536,510**	168,926,737
	6,362,172,495	4,809,380,217

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

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

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23 Revenue and segmental reporting (continued)

Segment	2023G			Total	2022G			Total
	Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation		Flynas LCC	Flynas Hajj & Umrah	Flynas General Aviation	
Revenue	5,405,968,669	980,863,493	182,536,510	6,569,368,672	4,354,526,025	318,325,009	168,926,737	4,841,777,771
Operating expenses *	(4,707,324,157)	(815,637,276)	(177,378,681)	(5,700,340,114)	(3,955,121,064)	(287,801,284)	(156,321,270)	(4,399,243,618)
Operating profit	698,644,512	165,226,217	5,157,829	869,028,558	399,404,961	30,523,725	12,605,567	442,534,153
Finance income, net	(451,132,667)	(919)	(50)	(451,133,636)	(264,860,543)	(2,243)	(226)	(264,863,012)
Profit before zakat	247,511,845	165,225,298	5,157,779	417,894,922	134,544,418	30,521,482	12,605,241	177,671,141
Zakat expense	(13,048,826)	(3,500,000)	-	(16,548,826)	(5,899,456)	-	-	(5,899,456)
Profit for the year	234,463,019	161,725,298	5,157,779	401,346,096	128,644,962	30,521,482	12,605,241	264,818,036
Depreciation	790,708,056	6,950	-	790,715,006	653,686,237	4,054	-	653,690,291
Additions to non-current assets	7,897,455,524	-	-	7,897,455,524	4,042,401,815	-	-	4,042,401,815
Total Assets	12,662,646,404	86,095,224	115,919,779	12,864,661,407	9,550,605,541	23,630,243	73,859,818	9,648,095,602
Total Liabilities	11,490,426,196	140,831,662	7,286,027	11,638,543,885	8,705,308,449	80,565,811	22,990,444	8,808,864,704

	2023G	2022G
Revenue:		
Total reportable segments revenue	6,569,368,672	4,841,777,771
Elimination of intersegment revenue	(207,196,177)	(32,397,554)
	6,362,172,495	4,809,380,217
Operating expenses:		
Total reportable segments operating expenses	(5,700,340,114)	(4,399,243,618)
Elimination of intersegment operating expenses	207,196,177	32,397,554
	(5,493,143,937)	(4,366,846,064)

* Flynas LCC operating expenses include gain on sale and lease back transactions (note 5.2.1).

23.1 Geographical revenue analysis for Flynas LCC passenger flights

The following table disaggregates Flynas LCC passenger flights revenue by the primary geographical market:

	2023G	2022G
International	3,063,643,892	2,504,741,002
Domestic	2,094,042,697	1,817,242,450
Other	41,085,903	32,542,573
	5,198,772,492	4,354,526,025

Flynas Hajj & Umrah passenger related revenue is concentrated with international geographical locations.

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24 Cost of revenue

	Note	2023G	2022G
Fuel cost		**1,604,706,229**	1,432,543,489
Landing, handling, and en-route charges		**1,243,673,198**	871,622,019
Salaries and related costs		**712,580,853**	607,747,625
Maintenance and other aircraft costs		**441,845,556**	301,519,593
Depreciation on right-of-use assets	6	**726,927,683**	603,495,204
Depreciation on equipment and fixtures	5.2	**61,282,590**	48,772,989
Rental expense	17	**526,455,421**	195,066,019
Commission and reservation systems expenses		**106,630,059**	73,718,693
Others	24.1	**51,895,684**	78,647,061
Less:			
Government grant	24.2	**(19,626,256)**	-
		5,456,371,017	4,213,132,692

24.1 Others primarily include insurance charges, utilities, and tax related charges.

24.2 This primarily includes the incentive received from the government based on operating flights on designated routes.

25 Selling and marketing expenses

	2023G	2022G
Salaries and related expenses	**58,696,636**	54,142,406
Business development and promotion expenses	**63,512,268**	45,742,882
Collection charges	**51,168,758**	37,885,806
Customer service-related expenses	**9,457,877**	7,011,321
Professional fees	**3,630,476**	2,943,304
Others	**10,279,506**	9,435,378
	196,745,521	157,161,097

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26 General and administrative expenses

	Note	2023G	2022G
Salaries and related expenses		**81,559,001**	71,319,315
Professional fees	26.1	**15,332,815**	31,706,940
Penalties		**-**	2,387,355
Depreciation on equipment and fixtures	5.2	**2,504,733**	1,422,098
Others		**15,498,933**	14,204,758
		114,895,482	121,040,466

26.1 Auditor's remuneration for the statutory audit of the financial statements for the year ended 31 December 2023G amounted to SAR 0.99 million (2022G: SAR 0.85 million) and other related services amounted to SAR 1.4 million (2022G: nil).

27 Finance income

	2023G	2022G
Interest income on deposits with banks	**51,887,547**	12,875,454

28 Finance cost

	Note	2023G	2022G
Interest on lease liabilities	17	**251,188,214**	137,588,552
Interest on aircraft related provision	18	**126,193,754**	62,179,089
Bank guarantee and commitment fee		**31,135,191**	5,664,248
Imputed interest on long-term payables		**28,584,767**	9,831,882
Interest on loans	20	**63,404,925**	61,776,333
Others		**2,514,332**	698,362
		503,021,183	277,738,466

29 Contingencies, Commitments and letter of credits and guarantees

29.1 Commitments

The Company has entered into contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is SAR 15,012 million (2022G: SAR 9,321 million) excluding pre-delivery payments carried out as at the balance sheet date.

29.2 Contingencies

As at December 31, 2023G and 2022G, the Company has no outstanding contingencies.

29.3 Letter of credits and guarantees

As at December 31, 2023G, the Company has outstanding letters of credit and bank guarantees amounting to SAR 606.8 million (2022G: SAR 184.4 million). The outstanding letters of credit include arrangement with the lessors in relation to the heavy maintenance deposits.

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30 Financial instruments

Fair value measurement of financial instruments

Financial instruments comprise financial assets and financial liabilities. All the financial assets and financial liabilities are carried at amortized cost.

Financial assets comprise of the following:

Financial statements line item	Note	IFRS 9 classification	As at 31 December 2023G	As at 31 December 2022G
Trade receivables	11	Amortized cost	**299,667,603**	145,948,771
Cash and cash equivalents and bank deposits	13	Amortized cost	**1,506,738,399**	1,188,320,331
Deposits for aircraft	10	Amortized cost	**91,405,446**	92,875,343
Deposits to vendors	12	Amortized cost	**44,578,563**	55,945,710
Receivable from Parent Company	12	Amortized cost	**24,693,355**	-
Other receivables	12	Amortized cost	**6,041,364**	4,389,418

Financial liabilities comprise of the following:

Financial statements line item	Note	IFRS 9 classification	As at 31 December 2023G	As at 31 December 2022G
Trade and other payables (excluding taxes)	16	Amortized cost	**1,709,577,362**	1,651,176,995
Lease liabilities	17	Amortized cost	**5,525,049,866**	3,631,708,726
Loans	20	Amortized cost	**844,718,750**	1,233,116,198

As at 31 December 2023G and 2022G, the management has assessed that the fair values of the Company's financial instruments other than deposits for aircraft are estimated to approximate their carrying values since the financial instruments are either short term in nature or carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values.

The fair value of the Company's deposits for aircraft is SAR 91.4 million (2022G: SAR 92.9 million) and are determined by applying the discounted cash flows method using a discount rate that reflects the rate of return as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy. The significant unobservable input used in determining the fair value of the deposits is the discount rate used that reflects the rate of return as at the end of the reporting period and an increase / decrease in the discount rate will reduce / increase the fair value of the deposits for the aircraft determined. The impact on the fair value as a result of this increase / decrease in discount rate is not disclosed as it is not material.

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31 Risk management of financial instruments

Risk management framework

The Company's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

31.1 Credit risk

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk for the Company arises from cash at bank, trade receivables, deposits to vendors, deposits for aircraft and other receivables.

As at 31 December 2023G and 2022G, the Company was exposed to credit risk on the following balances:

	Note	2023G	2022G
Trade receivables	11	**299,667,603**	145,948,771
Cash at bank	13	**1,505,530,346**	1,187,226,979
Deposits for aircraft	10	**91,405,446**	92,875,343
Deposits to vendors	12	**44,578,563**	55,945,710
Receivable from Parent Company	12	**24,693,355**	-
Other receivables	12	**6,041,392**	4,389,418
		1,971,916,705	1,486,386,221

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above. Further, the Company does not hold any collateral against these financial assets.

Concentration risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Company does not face any significant concentration risks in relation to each class of financial assets mentioned above.

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31 Risk management of financial instruments (continued)

31.1 Credit risk (continued)

Cash at bank

Credit risk on bank balances is limited as cash balances are held with banks having sound credit ratings as below:

Banks	Rating				2023G	2022G
		Short term	Long term	Rating Agency		
Al Rajhi Bank – Bank balance	F2	A-	A-	Fitch Ratings	**12,254,932**	-
Al Rajhi Bank – Time deposit	F2	A-	A-	Fitch Ratings	**200,000,000**	75,000,000
Arab National Bank – Time deposit	F2	BBB+	BBB+	Fitch Ratings	**-**	400,000,000
Bank Aljazira – Bank balance	F2	A-	A-	Fitch Ratings	**23,127,022**	-
Bank Aljazira – Time deposit	F2	A-	A-	Fitch Ratings	**80,000,000**	-
Banque Nationale de Algerie	F2	BBB+	BBB+	Fitch Ratings	**126,898,635**	39,934,661
Banque Saudi Fransi – Time deposit	F2	A-	A-	Fitch Ratings	**735,087,433**	226,296,074
Banque Saudi Fransi – Bank balance	F2	A-	A-	Fitch Ratings	**49,002,596**	38,979,737
Citi Bank	F1	A	A	Fitch Ratings	**26,187,352**	16,812,483
Emirates NBD Bank – Bank balance	F1	A+	A+	Fitch Ratings	**71,308,030**	73,704,729
Gulf International Bank – Bank balance	F2	A-	A-	Fitch Ratings	**49,418,214**	-
Others					**15,241,945**	32,273,667
SAB Bank – Bank balance	F2	BBB+	BBB+	Fitch Ratings	**111,054,113**	68,616,994
SAB Bank – Time deposit	F2	BBB+	BBB+	Fitch Ratings	**-**	187,500,000
Saudi National Bank	F2	A-	A-	Fitch Ratings	**5,950,075**	28,108,634
					1,505,530,347	1,187,226,979

The Company has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at December 31, 2023G and 2022G is not material.

31.1 Credit risk (continued)

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

In monitoring customer credit risk, customers are segmented according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company manages credit risk with respect to trade receivable by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

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31 Risk management of financial instruments (continued)

31.1 Credit risk (continued)

Trade receivable (continued)

The Company establishes a provision for impairment that represents its estimate of potential losses in respect of trade receivables. The sale of Flynas LCC services and Flynas Hajj & Umrah services is largely achieved through International Air Transport Association ("IATA") approved sales agents. All IATA agents have to meet minimum financial criteria applicable to their country of operation to remain accredited. Adherence to the financial criteria is monitored on an ongoing basis by IATA through their Agency program.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023G or 1 January 2023G respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Company mainly categorizes its trade receivables as third-party customers and due from related parties. The exposure to credit risk for trade receivables at the end of the reporting period by type of customer was:

	2023G	2022G
Third-party customers	**286,087,072**	194,179,873
Due from related parties	**91,369,087**	29,542,017
	377,456,159	223,721,890

Within the third-party customers, the credit risk is further disaggregated based on the three revenue streams based on the fact that each revenue stream has a different customer base. The details of the expected credit losses calculated for each of these customer bases is disclosed in the table further below.

The due from related parties are subject to the impairment requirement of IFRS 9. As at December 31, 2023G and 2022G, the provision against related parties' balances was not material.

The maximum exposure in respect of amounts receivable is limited to their carrying values as management regularly reviews these balances whose recoverability is in doubt.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 750 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

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31 Risk management of financial instruments (continued)

31.1 Credit risk (continued)

Trade receivable (continued)

The Company's major expected credit losses arose on long outstanding receivables due from various parties, which have failed to make their contractual payments for more than 720 days. The Company continuously engages with these parties to develop a repayment plan, as the balances will be subject to write off when there is no reasonable expectation of recoverability. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

Inputs into measurement of ECL

The following tables provides information about the exposure to credit risk and ECLs for trade receivables for third-party customers for each revenue stream as at 31 December 2023G and 2022G:

Flynas LCC:

	December 31, 2023G			December 31, 2022G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	**52,213,208**	**5.7%**	**2,958,542**	42,129,838	5.2%	2,201,124
Days past due						
1-90 days	**28,503,763**	**8.8%**	**2,513,287**	8,317,376	14.2%	1,176,989
91-360 days	**4,343,824**	**18.7%**	**814,302**	6,346,499	46.5%	2,950,865
+360 days	**5,983,563**	**45.3% - 100%**	**2,709,712**	4,908,037	100.0%	4,908,037
Specific provision	**26,621,126**	**100%**	**26,621,126**	26,621,126	100.0%	26,621,126
Government receivable	**17,626,746**	**-**	**-**	26,093,747	-	-
	135,292,230		**35,616,969**	114,416,623		37,858,141

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For the year ended December 31, 2023G
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31 Risk management of financial instruments (continued)

31.1 Credit risk (continued)

Flynas Hajj & Umrah:

	December 31, 2023G			December 31, 2022G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	13,221,590	0.03%	4,534	408,353	0.002%	8
Days past due						
1-90 days	27,029,177	0.05%	13,712	11,843,857	0.01%	875
91-360 days	50,630,939	0.36%	179,971	12,707,483	2.37%	301,366
+360 days	18,042,038	100%	18,042,038	20,488,621	100%	20,488,621
	108,923,744		18,240,255	45,448,314		20,790,870

Flynas General Aviation:

	December 31, 2023G			December 31, 2022G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	2,519,335	21.1%	531,580	9,062,351	12.7%	1,147,649
Days past due						
1-90 days	9,221,301	23.90%	2,203,891	6,585,444	14.1%	928,085
91-360 days	864,263	38.20%	330,148	1,943,065	16.7%	324,298
+360 days	29,266,198	71.3% - 100%	20,866,799	16,724,076	16.7% - 100.0%	16,724,076
	41,871,097		23,932,418	34,314,936		19,124,108

Deposit for aircraft, deposits for vendors, receivable from Parent Company and other receivables

Deposit for aircraft, deposits for vendors, receivable from Parent Company and other receivables are subject to the impairment requirement of IFRS 9. As at 31 December 2023G and 2022G, the Company has not recorded any impairment loss on these balances as the identified impairment loss was immaterial.

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31 Risk management of financial instruments (continued)

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation (Also refer note 2.2 about the management analysis of liquidity risk and financial support from the shareholder).

The table below summarizes the undiscounted maturities of the Company's financial liabilities based on contractual payment dates.

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2023G				
Trade and other payables	**1,808,089,448**	**141,096,954**	**-**	**1,949,186,402**
Lease liabilities	**655,226,169**	**3,335,104,753**	**7,546,818,550**	**11,537,149,472**
Loans	**419,621,302**	**425,097,448**	**-**	**844,718,750**
	2,882,936,919	**3,901,299,155**	**7,546,818,550**	**14,331,054,624**

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2022G				
Trade and other payables	1,608,044,610	251,400,391	-	1,859,445,001
Lease liabilities	388,933,320	1,681,095,193	3,148,865,437	5,218,893,950
Loans	388,531,250	844,718,750	-	1,233,250,000
	2,385,509,180	**2,777,214,334**	**3,148,865,437**	**8,311,588,951**

Net debt

	Note	2023G	2022G
Loans	20	**844,718,750**	1,233,116,198
Lease liabilities	17	**5,525,049,866**	3,631,708,726
Less: Cash and cash equivalents and bank deposits	13	**(1,506,738,399)**	(1,188,320,331)
Net debt		**4,863,030,217**	3,676,504,593

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31 Risk management of financial instruments (continued)

31.2 Liquidity risk

Net debt reconciliation:

	Assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Loans	Lease liabilities	
Net debt at January 1, 2022G	297,563,295	297,888,967	2,783,010,181	3,378,462,443
Financing cash flows	890,757,036	933,250,000	(365,644,441)	1,458,362,595
New leases	-	-	1,224,596,519	1,224,596,519
Other changes	-	-	(13,759,695)	(13,759,695)
Interest expense	-	61,776,333	137,588,552	199,364,885
Interest payments	-	(59,799,102)	(134,082,390)	(193,881,492)
Net debt at December 31, 2022G	1,188,320,331	1,233,116,198	3,631,708,726	6,053,145,255
Net debt at January 1, 2023G	**1,188,320,331**	**1,233,116,198**	**3,631,708,726**	**6,053,145,255**
Financing cash flows	**262,168,068**	**(388,397,448)**	**(413,709,047)**	**(539,938,427)**
New leases	**-**	**-**	**2,307,050,187**	**2,307,050,187**
Interest expense	**-**	**63,404,925**	**251,188,214**	**314,593,139**
Interest payments	**-**	**(63,404,925)**	**(251,188,214)**	**(314,593,139)**
Net debt at December 31, 2023G	**1,450,488,399**	**844,718,750**	**5,525,049,866**	**7,820,257,015**

31.3 Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. While optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises currency risk, interest rate risk and price risk.

The Company is also exposed to fuel price risk. The Company's fuel price risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices while ensuring that the airline is not competitively disadvantaged in a serious way in the event of substantial fall in the price of fuel. The Company does not hedge its exposure to fuel risk. However, the Company analyzes its fuel risk exposure on a regular basis and reassesses the source of its suppliers and renegotiates rates at terms favorable to the Company.

The following table demonstrates the sensitivity of the statement of profit or loss to a reasonably possible change in fuel prices, with all other variables held constant.

	Effect on total comprehensive income for the year ended	
	2023G	2022G
Increase / (decrease) in fuel prices		
+5%	**(80,235,311)**	(71,627,174)
-5%	**80,235,311**	71,627,174

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31 Risk management of financial instruments (continued)

31.3 Market rate risk (continued)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company uses foreign currencies, mainly US Dollar and Euro. The Company is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

Interest rate risk

Interest rate risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The changes in interest rates effect either the fair value or future cash flows of financial instruments issued at either at fixed or variable rates. The Company mainly faces its interest rates risk arising on its interest-bearing liabilities such as borrowings and lease liabilities and interest earning bank deposits.

The Company has borrowings issued at variable interest rates which exposes the Company to cash flow interest risks. The Company does not hedge its exposure to interest rate risk. However, the Company analyzes its interest rate exposure on a regular basis and reassesses the source of borrowings and renegotiates interest rates at terms favorable to the Company. As at 31 December 2023G and 2022G, the exposure arising from the cash flow interest rate risk is considered to be immaterial.

The Company has lease liabilities and interest earning bank deposits which exposes the Company to fair value interest rates. Management monitors on a periodic basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken. As at 31 December 2023G and 2022G the exposure arising from the fair value interest rate risk is considered to be immaterial.

Price risk

The Company does not have any price sensitive instruments as a result of which the Company is not exposed to any price risk.

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31 Risk management of financial instruments (continued)

31.4 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financed by equity and loans from various lenders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities and borrowings as shown in the statement of financial position, less cash and cash equivalents and bank deposits. Total capital is calculated as equity as shown in the statement of financial position plus net debt. The Company strategy was to maintain a gearing ratio within a range of 65% to 90%. The gearing ratios at December 31, 2023G and 2022G were as follows:

	December 31, 2023G	December 31, 2022G
Loans	**844,718,750**	1,233,116,198
Lease liabilities	**5,525,049,866**	3,631,708,726
Less: Cash and cash equivalents and bank deposits	**(1,506,738,399)**	(1,188,320,331)
Net debt (A)	**4,863,030,217**	3,676,504,593
Shareholders' equity (B)	**1,226,117,522**	839,230,898
Total capital (A+B)	**6,089,147,739**	4,515,735,491
Gearing ratio (A / (A+B))	**80%**	81%

32 Related parties

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

32.1 Transactions and balances with Key Management Personnel

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

	2023G	2022G
Transactions		
Short-term employee benefits	**31,527,537**	35,471,629
Retirement benefits	**1,732,377**	2,130,424
	33,259,914	37,602,053

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

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32 Related parties (continued)

32.2 Related party transactions:

Related party	Nature of transactions	2023G	2022G
An entity under common control	Revenue – Flynas General Aviation	**93,552,887**	71,378,744
An entity under common control	Revenue	**22,646,287**	182,095
An entity under common control	Cost of services	**115,570,074**	7,915,676
Parent Company	Transfer of assets to the owners	**-**	28,115,913

The Company receives and provides services to related parties in the normal course of business. These services consist of crew management services, Pricing policies and terms of related party transactions are approved in accordance with the Company's policies addressing related party transactions and conflicts of interest. Transactions with the related parties are in the ordinary course of the Company's activities and are entered into at market terms. These transactions are unsecured and are settled in cash.

32.3 Related party balances:

	Note	Relationship	2023G	2022G
Amounts due from related parties				
Trade receivables	11			
NAS Private Aviation Company Limited – NAS Jet		An entity under common control	**69,397,800**	28,782,764
Kingdom Holding Company		Shareholder of the Parent	**-**	199,578
KalAir International Limited		An entity under common control	**21,971,287**	-
Others		An entity under common control	**-**	559,675
			91,369,087	29,542,017
Amounts due to related parties				
Trade and other payables	16			
NAS Holding Company		Parent Company	**-**	19,988,436
Saudi Air Navigation Services Co.		An entity under common control	**5,319,290**	-
KalAir Limited		An entity under common control	**3,347,483**	4,519,712
Others		An entity under common control	**93,657**	822,350
			8,760,430	25,330,498

The Company maintains significant balances with related parties which arise from commercial transactions. The balances are non-interest bearing and are expected to be realised within 12 months from the reporting date.

Due from related parties does not include any balance which is past due for more than 90 days (2022G: SAR 0.76 million). As at December 31, 2023G and 2022G, the provision against related parties balances was not material. All such balances are unsecured.

32.4 The Parent Company and its subsidiaries referred to as "NAS Group", includes:

- National Air Services – NAS Holding Company
- Flynas Company
- Flynas Hajj & Umrah Company Limited
- NAS Aircraft Technical Services Company Limited (NAS Tech)
- NAS Private Aviation Company Limited (NAS Jet)

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33 Dividend

There was no dividend declared during the current or prior year although a receivable balance was transferred to the parent company through retained earnings during the year 2022G for no consideration which is disclosed in detail in note 38 to the financial statements.

34 New and amended standards and interpretations

34.1 New accounting standards and interpretations effective during the year

The following amendments became effective from January 1, 2023G:

- IFRS 17, "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023G)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on February 12, 2021G and effective for annual periods beginning on or after January 1, 2023G)
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (issued on 7 May 2021G and effective for annual periods beginning on or after 1 January 2023G)
- Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules (issued 23 May 2023G)

The application of the standard and amendments had no significant impact on the Company's financial statements.

34.2 New accounting standards, amendments and interpretations not yet adopted by the Company

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023G reporting periods and have not been early adopted by the Company. Management is currently assessing the impact of these standards, amendments or interpretations on the Company in the current or future reporting periods and on foreseeable future transactions. As at 31 December 2023G, the following standards, amendments and interpretations have not been effective and have not been early adopted:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28
- IFRS 18 — Presentation and Disclosure in Financial Statements

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35 Earnings per share

	2023G	2022G
Net profit for the year	**401,346,096**	171,771,685
Weighted average number of ordinary shares for the purpose of basic / diluted earnings	**153,425,000**	153,425,000
Earnings per share (SAR)		
Basic	**2.62**	1.12
Diluted	**2.62**	1.12

Earning per share for the year was calculated by dividing the net profit for the year with the weighted average number of ordinary shares.

36 Climate change impact

In preparing the financial statements, the Company has considered the impact of climate change, particularly in the context of the Kingdom's stated target of net zero carbon emissions by 2060. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

The Company operates a fleet of modern and efficient Airbus A320-family Aircraft (New Engine Option technology). The "neo"-type aircraft (both A320 and A321 variants), are Airbus' new generation of narrow-body aircraft, replacing the "ceo"-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, these new generation aircraft have at least a 15% proven fuel-burn efficiency over their previous generation aircraft and a 50% lower noise footprint during take-off and landing. The management strongly believes that this will have a positive impact in reducing the carbon footprint of the Company.

37 Subsequent events

On 15 April 2024G, the shareholders of NAS Holding Company (the "Parent Company") approved the distribution of its entire shareholding in Flynas to its shareholders based on their proportional ownership in the Parent Company. Consequently, Flynas ceased to have a controlling party.

Effective 14 May 2024G, the 100% shareholding previously held by the Parent Company was transferred to its individual shareholders, resulting in the change of Flynas' legal status from a 'Single Person Joint Stock Company' to a 'Joint Stock Company'.

Furthermore, on 7 November 2024G, the Company entered into an A330neo Purchase Agreement with Airbus S.A.S. for the acquisition of 15 A330 aircraft, with an option to purchase up to 15 additional aircraft.

38 Prior year adjustments and comparative information

These financial statements have been amended to revise certain comparative amounts (explained below) due to the consequential impact of changes made in the reissued financial statements for the year ended 31 December 2022G that were reissued on 10 March 2025G. These changes primarily related to a change in the accounting policy relating to the distribution of non-cash assets to owners from fair value to book value and certain other prior period adjustments related to the year ended 31 December 2022G. These adjustments have been explained further below.

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38 Prior year adjustments and comparative information (continued)

During the year ended 31 December 2022G, the Company transferred to its Parent Company for no consideration its receivable balance from National Flight Services Company (non-controlling shareholder of its Parent Company) in the sum of SAR 121,162,264. In the previously issued financial statements for the year ended 31 December 2022G, this transfer was treated as a non-cash asset distribution to the Parent Company at fair value. Since the asset was controlled by the Parent Company before and after the distribution, IFRIC 17 ("Distributions of Non-cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (paragraphs 10-12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice.

The receivable had previously been carried at SAR 28,115,913, net of an expected credit loss of SAR 93,046,351. In light of credit quality improvements during the year ended 31 December 2022G before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121,162,264, and as such a gain on distribution of SAR 93,046,351 was recognized in profit or loss for the year ended 31 December 2022G.

Following the recommendation of the Capital Market Authority (CMA) during the IPO process, the Company has changed its accounting policy, now treating the distribution at net book value instead of fair value. Therefore, the previously issued financial statements for the year ended 31 December 2022G have been reissued to exclude the gain on the distribution. The comparative figures for these reissued financial statements have been taken from the reissued financial statements of 2022G which has been reissued on 10 March 2025G which has incorporated the impact of the above restatement, as well as certain other adjustments which were made in 2022G reissued financial statements.

Finally, besides the impact of the above adjustments, a gross up in the presentation of investing cash flows has been made in these reissued financial statements to conform with the presentation adopted in the 2024G condensed interim financial information for the three-month and nine-month month periods ended 30 September 2024G to ensure that all investing cash flows are reported gross.

39 Date of authorization

These financial statements were authorized for issuance on 4 March 2025G by the Board of Directors of the Company.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

REISSUED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022G

AND INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report to the shareholder of Flynas Company

Report on the audit of the reissued financial statements

Our opinion

In our opinion, the reissued financial statements present fairly, in all material respects, the financial position of Flynas Company (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's reissued financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the reissued financial statements, which include significant accounting policies and other explanatory information.

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 reissued financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the reissued financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Emphasis of matter – Reissuance of the financial statements

We draw attention to Note 2.1.4 and Note 37 to the accompanying reissued financial statements which describe the details of amendments made to the previously issued financial statements for the year ended 31 December 2022. The financial statements issued previously on 3 May 2023 have been amended primarily to change the accounting policy relating to the distribution of non-cash assets to owners from fair value to net book value and certain other prior period restatements. Notes 2.1.4 and Note 37 provide more details on these changes. We issued our unqualified independent auditor's report on the previously issued financial statements on 3 May 2023 and following these changes, we provide this new report on the reissued financial statements.

Our opinion is not modified in respect of this matter.

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Independent auditor's report to the shareholder of Flynas Company (continued)

Responsibilities of management and those charged with governance for the reissued financial statements

Management is responsible for the preparation and fair presentation of the reissued financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of reissued financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the reissued financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the reissued financial statements

Our objectives are to obtain reasonable assurance about whether the reissued 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 reissued financial statements.

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

- Identify and assess the risks of material misstatement of the reissued 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the shareholder of Flynas Company (continued)

Auditor's responsibilities for the audit of the reissued financial statements (continued)

- Conclude on the appropriateness of the 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 Company'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 reissued 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the reissued financial statements, including the disclosures, and whether the reissued financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559

March 10, 2025

برايس وترهاوس كوبرز
محاسبون قانونيون
س.ت: ١٠١٠٣٧١٦٢٢
PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

3

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of financial position

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 31 December 2022G	As at 31 December 2021G	As at 1 January 2021G
Assets			(Restated)	(Restated)
Non-current assets				
Intangible asset	6	2,000,000,000	2,000,000,000	2,000,000,000
Equipment and fixtures	4	1,078,085,916	1,014,520,939	690,506,967
Right-of-use assets	5	5,050,112,993	3,833,807,192	2,173,560,904
Deposits for aircraft	9	53,969,093	45,157,987	43,594,229
Investment in associates	7	18,000	18,000	18,000
Total non-current assets		8,182,186,002	6,893,504,118	4,907,680,100
Current assets				
Stores and spares	8	3,489,586	4,433,553	6,408,607
Deposits for aircraft	9	38,906,250	56,442,617	82,840,362
Trade receivables	10	145,948,771	104,543,451	126,139,719
Prepayments and other current assets	11	89,244,662	74,921,229	98,573,313
Cash and cash equivalents	12	1,188,320,331	297,563,295	435,407,400
Total current assets	2	1,465,909,600	537,904,145	749,369,401
Total assets		9,648,095,602	7,431,408,263	5,657,049,501
Equity and liabilities				
Equity				
Share capital	13	1,534,250,000	1,534,250,000	1,534,250,000
Statutory reserves	14	150,000	150,000	150,000
Accumulated losses		(695,169,102)	(856,946,108)	(867,624,450)
Net equity		839,230,898	677,453,892	666,775,550
Liabilities				
Non-current liabilities				
Trade and other payables	15	221,827,095	316,486,644	268,932,681
Lease liabilities	16	3,230,491,819	2,520,868,054	1,344,931,386
Aircraft related provisions	16.2	1,604,788,604	1,080,465,828	558,899,772
Loans	18	844,718,750	-	219,201,478
Employees' end of service benefits liabilities	19	195,240,287	198,584,220	181,141,302
Total non-current liabilities		6,097,066,555	4,116,404,746	2,573,106,619
Current liabilities				
Trade and other payables	15	1,625,747,606	1,736,345,657	1,698,876,330
Lease liabilities	16	401,216,907	262,142,127	306,426,287
Aircraft related provisions	16.2	100,750,056	147,719,177	83,513,759
Loans	18	388,397,448	297,888,967	75,000,000
Contract liabilities	17	195,686,132	193,453,697	253,350,956
Total current liabilities	2	2,711,798,149	2,637,549,625	2,417,167,332
Total liabilities		8,808,864,704	6,753,954,371	4,990,273,951
Total equity and liabilities		9,648,095,602	7,431,408,263	5,657,049,501

The accompanying notes 1 to 37 form an integral part of these reissued financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of profit or loss and other comprehensive income

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2022G	2021G
			(Restated)
Revenue	21	**4,809,380,217**	2,673,376,199
Cost of revenue	22	**(4,213,132,692)**	(2,395,658,910)
Gross profit		**596,247,525**	277,717,289
Selling and marketing expenses	23	**(157,161,097)**	(103,168,096)
General and administrative expenses	24	**(121,040,466)**	(110,112,688)
Provision for expected credit losses	10.2	**(8,353,485)**	(42,774,206)
Gain on sale of equipment and fixtures and termination of leases	4.2.1	**135,522,082**	130,712,156
Net foreign exchange loss		**(2,680,406)**	(780,733)
Other income	27	**-**	36,800,824
Operating profit		**442,534,153**	188,394,546
Finance income	25	**12,875,454**	87,079
Finance cost	26	**(277,738,466)**	(167,756,853)
Profit before zakat		**177,671,141**	20,724,772
Zakat expense	20	**(5,899,456)**	(872,016)
Profit for the year		**171,771,685**	19,852,756
Other comprehensive income / (loss)			
Items that will not to be reclassified to statement of income in subsequent periods:			
Remeasurement income (loss) on employees' end of service benefits liabilities	19.4	**18,121,234**	(9,174,414)
Total comprehensive income for the year		**189,892,919**	10,678,342

The accompanying notes 1 to 37 form an integral part of these reissued financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of changes in equity

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserves	Accumulated losses	Net equity
At 1 January 2021G (as previously reported)	1,534,250,000	150,000	(857,274,171)	677,125,829
Changes in accounting policies (note 37)	-	-	(10,350,279)	(10,350,279)
At 1 January 2021G (Restated)	1,534,250,000	150,000	(867,624,450)	666,775,550
Profit for the year (Restated)	-	-	19,852,756	19,852,756
Comprehensive loss for the year (Restated)	-	-	(9,174,414)	(9,174,414)
Total comprehensive income for the year (Restated)	-	-	10,678,342	10,678,342
At 31 December 2021G (Restated)	1,534,250,000	150,000	(856,946,108)	677,453,892
At 1 January 2022G (Restated)	**1,534,250,000**	**150,000**	**(856,946,108)**	**677,453,892**
Profit for the year	-	-	171,771,685	171,771,685
Comprehensive income for the year	-	-	18,121,234	18,121,234
Total comprehensive income for the year	-	-	189,892,919	189,892,919
Transactions with the Parent Company				
Transfer of assets to the owners (note 37)	-	-	(28,115,913)	(28,115,913)
At 31 December 2022G	**1,534,250,000**	**150,000**	**(695,169,102)**	**839,230,898**

The accompanying notes 1 to 37 form an integral part of these reissued financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of cash flows (continued)

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December	
		2022G	2021G
			(Restated)
Cash flows from operating activities			
Profit for the year before zakat		**177,671,141**	20,724,772
Adjustments for:			
Depreciation on equipment and fixtures	4	**50,195,087**	41,558,457
Depreciation on right-of-use assets	5	**603,495,204**	506,761,786
Provision for employees' end of service benefits liability	19.3	**30,224,228**	26,052,552
Finance income	25	**(12,875,454)**	(87,079)
Finance cost	26	**277,738,466**	167,756,853
Gain on sale of equipment and fixtures and termination of leases	4.2.1	**(135,522,082)**	(130,712,156)
Provision for expected credit losses	10.2	**8,353,485**	42,774,206
		999,280,075	674,829,391
Changes in operating assets and liabilities			
Stores and spares		**943,967**	1,975,054
Deposits for aircraft		**8,725,261**	23,499,422
Trade receivables		**(77,874,718)**	(21,177,938)
Prepayments and other current assets		**(14,323,433)**	27,159,150
Trade and other payables		**(205,257,600)**	80,480,691
Aircraft related provisions	16.2	**(188,900,910)**	(83,513,759)
Contract liabilities		**2,232,435**	(59,897,259)
Employees' benefits paid	19.4	**(15,446,927)**	(17,784,048)
Finance income received		**12,875,454**	87,079
Net cash flows generated from operating activities		**522,253,604**	625,657,783
Cash flows from investing activities			
Acquisition of equipment and fixtures excluding pre-delivery payments	4	**(222,885,064)**	(108,322,429)
Pre-delivery payments made for aircraft		**(436,500,000)**	(417,750,000)
Refund of pre-delivery payments for aircraft		**545,625,000**	160,500,000
Net cashflows associated with acquisition of equipment and fixtures		**(113,760,064)**	(365,572,429)
Proceeds from the sale of equipment and fixtures		**131,435,355**	130,712,156
Net cash flows generated from (used in) investing activities		**17,675,291**	(234,860,273)
Cash flows from financing activities			
Payment of lease liabilities	16	**(365,644,441)**	(369,577,399)
Proceeds from loan	18	**1,008,250,000**	-
Repayment of loan		**(75,000,000)**	-
Finance cost paid		**(216,777,418)**	(159,064,216)
Net cash flows generated from (used in) financing activities		**350,828,141**	(528,641,615)
Net increase (decrease) in cash and cash equivalents		**890,757,036**	(137,844,105)
Cash and cash equivalents at the beginning of the year		**297,563,295**	435,407,400
Cash and cash equivalents at the end of the year	12	**1,188,320,331**	297,563,295
Supplemental non-cash transactions during the year:			
Transfer of assets to the owners	10	**28,115,913**	-

The accompanying notes 1 to 37 form an integral part of these reissued financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the reissued financial statements for the year ended 31 December 2022G

All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company – A Single Person Joint Stock Company (the "Company") was incorporated in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA.

Pursuant to the Ministry of Commerce and Investment Resolution No. Q/161 dated 02 Jumada AlThani 1438H (corresponding to 1 March 2017), the Company was converted from a Limited Liability Company to a Single Person Joint Stock Company whereby, National Air Services – NAS Holding Company (the "Parent Company") owns 100% of the share capital of the Company. As such National Air Services – NAS Holding Company was the immediate and ultimate controlling party during the year. See note 35 for subsequent events.

The Company's licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating and managing of aircraft.

The Company performs its air transportation services, under the air operating certificate originally issued to the Parent Company by General Authority of Civil Aviation ("GACA") of KSA. During 2015, this air operating certificate was transferred by the Parent Company to the Company.

2 Significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (thereafter referred to as IFRS as endorsed in KSA) and in compliance with the provisions of Regulations for Companies and the Company's By-laws.

As at 31 December 2022G, the Company had accumulated losses of SAR 695 million and a net current liabilities of SAR 1,246 million (2021G: SAR 2,100 million). These conditions raised significant doubt about the Company's ability to continue as a going concern. However, based on the following factors, management believes that the Company will continue to operate for the foreseeable future, and accordingly, the financial statements have been prepared on a going concern basis:

- The Company's performance has improved significantly from last year as the profit for the year was SAR 171.8 million (refer to Note 37 for reconciliation of previously reported financial statements for 2022G to these reissued financial statements) as compared to SAR 199 million in the prior year.
- The Company management has prepared a four-year business plan which includes a significant positive impact on the margins and profitability of the Company primarily due to increase in fleet size and introduction of new routes.
- The Company has access to undrawn Murabaha Facility that amounts to SAR 1.4 billion. Also refer to note 18.
- Subsequent to the year end, the shareholders of the Parent Company have also signed a resolution to support the Company to continue as a going concern

Considering these factors and subsequent events occurring upto the date of approval of these reissued financial statements, the going concern assumption remained appropriate as of 31 December 2022G.

2.1.2 Historical cost convention

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise stated.

2.1.3 Basis of measurement

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

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the reissued financial statements for the year ended 31 December 2022G
All amounts are in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.1.4 Reissuance

The previously issued financial statements of the Company for the year ended 31 December 2022G, dated 3 May 2023G, have been withdrawn and replaced by these reissued financial statements. This revision reflects adjustments primarily related to a change in the accounting policy for the distribution of non-cash assets to owners, from fair value to net book value, as well as certain other prior period restatements, as detailed in Note 37.

2.2 Summary of significant accounting policies

2.2.1 Classification of assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.2.2 Equipment and fixtures

Equipment and fixtures including those related to aircraft are stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets, subsequent costs incurred for replacing parts of aircraft equipment, and capitalized borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, any investment income earned on temporary surplus funds is deducted from borrowing costs eligible for capitalisation. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Pre-delivery payments for the purchase of planes are generally not qualifying assets as it typically takes less than a year for the manufacturer to construct a narrow-body airplane.

Subsequent costs incurred which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of equipment and fixtures.

All repair and maintenance costs are recognized in the statement of profit or loss as incurred except for heavy maintenance expenditures carried out on certain leased and owned assets. Heavy maintenance costs incurred on owned assets which lend enhancement to future periods are capitalized as a separate asset, as appropriate and depreciated over the length of the period benefiting from these enhancements. For more details on heavy maintenance costs on leased assets refer to Note 2.2.14 and 2.2.22.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.2 Equipment and fixtures (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation is started when the asset is available for its intended use. Leasehold improvements are depreciated over the shorter of its useful life or the lease term. The useful life of the assets are disclosed in note 4.1.

An item of equipment and fixtures is tested for impairment if any indicator is identified. Refer to note 2.2.11 for details.

An item of equipment and fixtures is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of aircraft related equipment and fixtures are reviewed at each reporting period end and adjusted prospectively, if appropriate.

Capital work in progress (CWIP) is not depreciated and is stated at cost less accumulated impairment losses, if any. These assets are transferred to aircraft related equipment and fixtures as and when assets are available for intended use. CWIP also includes pre-delivery payments ("PDPs") which are paid by the Company to aircraft and engine manufacturers for financing the production of the ordered aircraft or spare engine as determined by the contractual terms. Such advance payments for aircraft or spare engines are recognised at cost and classified under CWIP in the statement of financial position. PDPs, when paid, are recorded at historical exchange rates at the date of payment. In instances, where the Company enters in a sale and leaseback arrangements on the date of delivery for any new purchased aircraft with the lessors, any PDPs paid by the Company are refunded back to the Company by the aircraft manufacturer.

From time to time, the Company receives certain credits from manufacturers in connection with the acquisition of aircraft and engines, as compensation for disruption or due to other reasons. Such credits are typically recorded as a reduction to the cost of the related (or future) aircraft and engines.

2.2.3 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of income 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 indefinite useful lives are not amortized, 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 the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized.

2.2.4 Financial instruments

2.2.4.1 Financial assets

Classification of financial assets

The financial assets of the Company comprise of trade receivables, deposits of aircraft, cash and cash equivalents, bank deposits and other receivables. The company classifies its financial assets as those to be measured at amortized costs.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.4 Financial instruments (continued)

2.2.4.1 Financial assets (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss "FVTPL" are expensed in the statement of profit or loss.

Subsequent measurement of the financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in the statement of profit or loss. Impairment losses are presented as separate line items in the statement of profit or loss. The Company subsequently measures all its financial assets at amortized costs.

Impairment

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortized cost.

The Company's trade receivables are subject to the expected credit loss model. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

A default on a trade receivable occurs when the counterparty fails to make contractual payments within 90 days of when they fall due. The Company initially assesses a receivable for write-off when a debtor fails to make contractual payments greater than 750 days past due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss.

The Company applies the general model to measure the credit losses on financial assets other than trade receivables. The identified credit loss from these financial assets are not material.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.4.2 Financial liabilities

Initial Recognition

Financial liabilities are recognized initially at fair value and in the case of borrowings, the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurements

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

2.2.4.3 Offsetting of financial instruments

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

2.2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in note 29 to these financial statements.

2.2.6 Deposits for Aircraft

Deposits for aircraft represent interest free security deposits placed with the leasing companies to secure the obligations of the leased aircraft. The deposits are initially measured at fair value and subsequently carried at amortized costs using the effective interest rate method less any allowance for impairment. Fair value of these deposits has been discounted based on an effective interest rate method.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the reissued financial statements for the year ended 31 December 2022G

All amounts are in Saudi Riyals unless otherwise stated)

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.7 Trade Receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

2.2.8 Stores and spares

Stores and spares consist of consumable items which are not repairable and are consumed by the Company within the ordinary course of its business. Stores and spares are valued at the lower of cost and net realizable value. Cost comprise of invoice prices and related expenses incurred up to the statement of financial position date. Net realizable value consists of the estimated selling price during the normal course of business, net of any other cost required to complete the sale.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

2.2.9 Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand, bank balances and time deposits with original maturities of three months or less. Time deposits with maturities of more than three months but less than one year are classified as bank deposits.

2.2.10 Employees' benefits

Short-term employee benefits

Short-term employee benefits i.e. wages and salaries including non-monetary benefits and accumulating leaves, air fare, child education allowance, furniture allowance that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

Employees' end of service benefits

Employees' end of service benefits ("EOSB") are provided for in accordance with the requirements of the Saudi Arabian Labor Law for their period of service with the Company. The provision relating to end of service benefits is disclosed as a non-current liability in the statement of financial position and is calculated by an independent actuary using the Projected Unit Credit Cost method as per IAS 19 'Employee Benefits'. The defined benefit obligation plan is unfunded.

The present value of the defined benefit obligations calculated using assumptions on the average annual rate of increase in salaries, average period of employment and an appropriate discount rate. As KSA does not have a deep corporate bonds market, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows denominated in the currency in which the benefits will be paid. Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost are recognized immediately in the statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss as past service costs.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.10 Employees' benefits(continued)

Interest cost

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expense in the statement of profit or loss.

Re-measurement gains or losses

Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of other comprehensive income.

2.2.11 Impairment of non-financial assets

The Company, at each reporting period, reviews its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

2.2.12 Revenue recognition

The Company revenue consists of three types of revenue streams: Scheduled, Unscheduled and General Aviation. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty collected on behalf of third parties.

Scheduled:

Scheduled revenue relates to the main operation of passenger commercial flights. The ticket price consists of the base fare and charges for other ancillary services. The revenue is measured based on the consideration specified in the contract (i.e. ticket) with a customer and excludes amounts collected on behalf of third parties. Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Ancillary Services Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee). These services are provided along with the normal transportation service as an integrated service. The customer can not benefit from the individual service on its own or together with other resources readily available and the customer could not purchase only some of the services while omitting others. Hence, these services are considered to be a single performance obligation.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.12 Revenue recognition (continued)

Scheduled (continued):

The Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). The revenue from the services are recognized at a point in time when the service is provided to the customer. This is when customers have accepted to board the flight for each journey and all other flight conditions are fulfilled.

Payments for the tickets are usually received upon booking for individual passengers and on extended credit terms for certain other channels of distribution. Performance obligations are generally satisfied subsequent to payment being received, resulting in contract liability being recorded in the statement of financial position. Amounts received in advance of fulfilling the performance obligation on a flight journey are recognized as contract liability until the service is provided. Any unused tickets are recognized as revenue on a no-show basis. In certain rare circumstances, such as major flight cancellations, the passengers' tickets are extended and can be utilized by the passengers within 1 year from the date of issuance of the ticket.

Further, in case of any changes from the customer on the tickets issued, the Company issues a travel voucher to the passengers. The Company records a liability for any travel vouchers issued by reversing the contract liability recorded on unused tickets and presenting this as a contract liability from travel vouchers in the statement of financial position. The liability is reversed upon the utilization of such travel vouchers and the revenue is recorded by the Company. All travel vouchers have an expiration date of 1 year from the date of issuance.

The management does not recognize any breakage revenue on unused tickets or travel vouchers issued as the impact is not material.

Loyalty program (Nas miles)

The Company operates a frequent flyer programme that provides loyalty points to programme members based on a mileage credit for flights with the Company and the tier status of each member. The Nas miles have a validity of one year from the month they are earned and these loyalty points can only be utilized to book flights in the future.

The Company accounts for Nas miles points as a separately identifiable component of the sale transactions in which they are granted. The consideration in respect of the initial sale is allocated to Nas miles points based on their fair value and is accounted for as 'Customer loyalty points" within contract liability. The fair value is determined using estimation techniques that take into account the fair value of Nas miles points for which miles could be redeemed. Revenue is recognized in the statement of profit or loss only when the Company fulfills its obligation by supplying Scheduled revenue services on the redemption of the miles accrued.

Unscheduled:

Special flights for Hajj Season

A part of Unscheduled revenue relates to the revenue from the operation of special flights for Hajj under the service level agreement with the governments or the authorized agencies of such governments for transportation of passengers ('Pilgrims') during the Hajj season. The revenue is measured based on the consideration specified in the service level agreements and excludes amounts collected on behalf of third parties.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.12 Revenue recognition (continued)

The revenue is recognized as the contracted flights occur as per the service level agreements. Typically, the payment for such services are received in advance and the duration of services provided is not more than two months coinciding with the Hajj Season. As such there is no significant financing component in these arrangements.

Hajj Facilitation services during Hajj Season

An element of Flynas Hajj & Umrah revenue also includes Hajj facilitation services provided by the Company as part of Hajj Season for international Pilgrims under an agreement with the Government of Saudi Arabia. The service represents operating flights as a principal and arranging hotel accommodation. The revenue is recognised as the services are provided as per the service level agreement. The duration of these services is commensurate with duration of special flights flown during Hajj season.

A receivable is recognised when the service has been provided by the Company as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The payment terms with the Government are based on commercially agreeable terms.

General Aviation:

The General Aviation revenue includes the revenue earned from the provision of charter flights and aviation services to parties under the contract. The charter flight services includes provision of transportation services for a particular volume of air travel over a particular period of time and other related services (such as provision of crew, maintenance of aircraft and other ancillary services) that are considered an integral part of air travel and are not distinct performance obligations. The revenue is measured based on the consideration specified in the contract with the customers and excludes amounts collected on behalf of third parties. The contracts are based on the number of trips or flying hours. Revenue from providing these services is recognised over time as the performance obligation relating to the contracts are fulfilled. The customers are invoiced on a monthly basis and the payment terms for the customer are in accordance with each contract with the customer.

Principal vs agent

The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the good or service.

The Company has concluded that it acts as a principal in all the aforementioned revenue arrangements because it controls the services before transferring them to the customers. For the below revenue arrangements, the Company acts as an agent:

a. The Company under codeshare arrangements:

The Company acts as an agent where it sells air transport tickets under codeshare arrangements for passengers to fly on a codeshare partners aircraft. The Company does not have inventory risk and is not primarily responsible for operating the codeshare partner's flight. In these cases, the Company acts as an agent and recognizes the net margin which is the predefined rate per mile flown.

b. The Company's partnership with hotels, car rental companies, and other travel related services:

The Company has partnership agreements with hotels, car rental companies, duty free shops, insurance companies and other travel related services. In all of these agreements, the Company is not primarily responsible to fulfill customer requirements and does not control any of the goods or services. The Company earns a commission income and recognizes that as the related performance obligations are fulfilled.

The net margin from these arrangements is included within Scheduled services.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.13 Contract liabilities

Contract liabilities mainly represents unutilized tickets, customer loyalty points on miles earned from the frequent flyer program and deposit from customers. For more information refer to Note 2.2.12.

2.2.14 Leases

General Lease Accounting

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset (redelivery cost), less any lease incentives received. Redelivery cost (return condition) represents the estimate of the cost to meet the contractual lease end obligations of the aircraft at the time of re-delivery. At lease commencement, the present value of the expected cost for each restoration obligation is recognised and capitalized as part of the right-of-use asset.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, the useful life and method of the right-of-use assets are mentioned in note 5.2. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability, refer to note 3.11 for more details.

Flynas acquires the right to use aircraft and related assets which are manufactured as per bespoke specifications and design, and are delivered mainly through sale and leaseback arrangements.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease; and
- The costs of restoring or dismantling assets.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and makes adjustments specific to the lease, e.g., term, country, currency and security.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.14 Leases (continued)

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. These typically relate to wet lease arrangements with third parties that have a lease duration of not more than six-months in connection with the facilitation of Hajj and Umrah operations.

Sale and lease back transactions:

The Company regularly enters into sale and leaseback transactions. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right-of-use asset and lease liability is recognized. The right-of-use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within aircraft related equipment and fixtures, and a liability is recognized equal to the financing proceeds.

Heavy maintenance accounting:

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components (in case of aircraft engines these essentially relate to replacement of limited life parts and engine performance restoration and other aircraft components such as landing gear and auxiliary power units, etc) during the lease term and to return the aircraft to the lessor in a specified condition at the end of the lease term (return conditions).

The Company has an obligation to return the leased aircraft and their components according to redelivery conditions specified in the lease agreements. If the condition of the aircraft and its components, at the time of redelivery, differs from the agreed redelivery condition, the Company needs to maintain the aircraft and its components so that it meets the agreed conditions or alternatively the lessor may accept compensation for the expense it may incur to restore the aircraft and its components.

At the lease commencement date, the present value of the expected cost of the restoration that the Company is contractually obligated to incur is recognised and capitalized as part of the right-of-use asset and depreciated over the lease term. The expected costs of restoration that is capitalized as part of the right-of-use asset is the minimum unavoidable costs that the Company is contractually obligated to incur which is essentially triggered when the aircraft has carried out its first flight. The corresponding liability is recorded within "Aircraft related Provisions". The liabilities are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs within the statement of profit or loss.

In addition, the Company follows a componentize and depreciate model for its major components (such as engine life limited parts, engine performance restoration, landing gear, auxiliary power units, aircraft related checks, etc). At the inception of the lease, the cost of these significant components are recognised as a separate component in 'Maintenance assets and redelivery cost' within the right-of-use assets and depreciated over its useful economic life at which point the existing components are replaced and the cost of the new component is capitalized.

All other regular maintenance (non-heavy maintenance) are expensed as incurred in the statement of profit or loss.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.15 Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of profit or loss over the period of the loans using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Loans are removed from the statement of financial position when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

2.2.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months after the reporting period.

2.2.17 Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current 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 in the statement of income. The present value of the expected cost of return condition of aircraft and engines held under operating leases is recognized over the lease term considering the existing fleet plan and long-term maintenance schedules.

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

An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company, to assess whether provision is required.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.18 Zakat

National Air Services - NAS Holding (the Parent Company) files zakat returns on a consolidated basis. Accordingly, the Company's zakat charge is initially estimated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company. Provision for zakat for the Company, if any, is charged to the statement of income and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments at the Parent Company level are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in KSA as required under Saudi Arabian Income Tax Law.

2.2.19 Statutory reserve

The By-laws of the Company requires to set aside 10% of net profit for the year as statutory reserve until the reserve reaches 30% of their share capital.

2.2.20 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the financial statements date. All differences are recognized in the statement of profit or loss and other comprehensive income.

2.2.21 Operating profit /loss

Operating profit / loss is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit /loss excludes finance costs, finance income and other non-operating expenses.

2.2.22 Routine and maintenance repairs

Maintenance and repair costs for leased aircraft are charged to maintenance and other aircraft costs as incurred, with the exception of maintenance and repair costs related to heavy maintenance expenditures and return conditions on aircraft under lease. Refer to Note 2.2.14 for details relating to heavy maintenance expenditures.

2.2.23 Selling, distribution, general and administration expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of providing services and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

2.2.24 Interest income or expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in the statement of profit or loss and other comprehensive income.

3 Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

3.1.1 Useful life of AOC

During 2015, the Parent Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company. AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations.

AOC has a remaining legal useful life of two years but is renewable every two years with insignificant cost. The Company intends to renew the AOC continuously and evidence based on past experience supports its ability to do so and any conditions necessary to obtain renewal will be satisfied. An analysis of life cycle studies and market and competitive trends provides evidence that AOC will generate net cash inflows for an indefinite period. Accordingly, the management has applied its judgment and has concluded the useful life of the AOC to be indefinite. The AOC is carried at cost without amortization, but is tested for impairment on an annual basis. See also note 6.

3.1.2 Control on aircraft in a sale and leaseback transactions

The Company regularly enters sale and leaseback transactions with various lessors for its newly purchased aircraft and engines. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognized, and a right of use asset and lease liability is recognized. The right of use asset recognized is based on the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counterparty to the transaction.

The Company enters a sale and leaseback transaction with the lessor on the same date it receives delivery of the new aircraft and engines. The Company has applied significant judgment to assess if it has obtained control over the aircraft and engines purchased before it is sold and leased back from the lessor. Under the original terms of the contract with the manufacturer, the Company has the rights and obligation to purchase a specific aircraft and engines. It is purely at the Company's discretion whether to complete the purchase for cash or seek to arrange a lease with a lessor of their choice. In cases where the lease agreement does not include a purchase option, the Company considers itself to have sold the aircraft and engines that it was entitled to, to its chosen lessor and leased it back. Accordingly, the Company considers itself to obtain control of the aircraft and engines prior to entering the lease arrangement with the lessor.

3 Significant accounting judgments, estimates and assumptions (continued)

3.1 Judgments (continued)

3.1.3 Leases - Heavy maintenance expenditures on return conditions

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The accounting policy for the right of use asset, lease liability, heavy maintenance expenditure incurred during the lease term and the heavy maintenance required as per the return condition is disclosed in Note 2.2.14.

The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. These are contractual obligations in the lease contract in respect of the return conditions, which require the aircraft to be in a specified condition on their return at the end of the lease term. If the condition at the time of redelivery differs from the agreed redelivery condition, the Company needs to perform maintenance on the asset so that it meets the agreed conditions.

The maintenance costs for return conditions can be divided into two main groups:

- costs that are incurred independent of the usage of the aircraft and
- costs that are incurred dependent on the usage of the aircraft

The Company has applied significant judgment in determining which costs the Company becomes obligated for over time and which exist at commencement of the lease. The Company's leases typically require specified parts to be returned in a full remaining life condition so the obligation to perform the relevant maintenance exists on commencement of the lease as the work has to be performed as a result of the delivery flight.

Major components that are replaced infrequently and overhaul events which occur infrequently are componentized and depreciated separately from the main ROU asset. When the component is replaced or the item is overhauled the previous carrying amount for the component is derecognized and replaced by the cost of the new component. Where the life of a component is the same as the main ROU asset, the component is not separately depreciated.

3.1.4 Use of Net Book Value Approach for Distribution of Receivables

Following a regulatory review by the Capital Market Authority, the Company reassessed its policy choice when distributing non-cash assets to a controlling shareholder and applied the net book value approach instead of fair value for the distribution of receivables arising in the year. This adjustment eliminates the previously recognized gain in profit or loss. Such transactions are outside the scope of IFRIC 17 and generally accepted practice is to account for such distributions at either book value or fair value. In light of the Capital Market Authority's views on the matter these reissued financial statements have applied the book value policy approach. See Note 37 for further details.

3 Significant accounting judgments, estimates and assumptions (continued)

3.2 Assumption and estimation uncertainties

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of indefinite lived assets (AOC)

The Company assesses on an annual basis or more frequently if events or changes in circumstances indicate that the indefinite lived assets of the Company are impaired. The Company assesses whether the carrying value of its indefinite lived assets (AOC) is lower than its recoverable amount. Where the carrying amount of these assets exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of the indefinite lived assets (AOC) is determined based on the higher of its fair value less costs of disposal or value in use. The management has determined the recoverable amount using the fair value approach. Details relating to the model used by the management in determining the recoverable amount including the key estimates used and the sensitivities relating to these estimates are disclosed within Note 6.

(ii) Measurement of return condition provision

Estimates involved in calculating the provision required include the inflation rates, expected date of the maintenance work, market prices for maintenance checks, the likely utilization of the asset in terms of either flying hours or cycles from the second last event until the redelivery date, and the regulations in relation to extensions to lives of life-limited parts, which form a significant proportion of the cost incurred in these maintenance event.

Assumptions made in respect of the provision for the return condition are reviewed for all aircraft annually. In addition, when further information becomes available which could materially change an estimate made, such as a heavy-duty maintenance check taking place, utilization assumptions changing, or return conditions being re-negotiated, then specific estimates are reviewed immediately, and the liability and right of use asset if applicable is adjusted accordingly. Actual charges may differ from the charges accrued and the differences are accounted for on a prospective basis. Given the uncertainty in forecasting future maintenance requirements, and the associated judgmental nature of the assumptions applied in determining the maintenance costs, management believes that a reasonable combination of changes to these estimates could result in a material movement to the expense recognised and the carrying value of the provision and the right of use of assets recognised.

(iii) Leases - Discount rate for return conditions provision

For aircraft under lease arrangements, the Company has an obligation to maintain the aircraft and its major components during the lease term and an obligation to return the aircraft to the Lessor in a specified condition at the end of the lease term (return conditions). The Company records liabilities for the maintenance costs required in respect of the return conditions for its leased aircraft. The liabilities are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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3 Significant accounting judgments, estimates and assumptions (continued)

3.2 Assumption and estimation uncertainties

(iv) Sale and leaseback fair value

The Company routinely enters into sale and leaseback transactions on new planes added to the fleet. In a sale and leaseback transaction it is necessary to assess whether the sale price and rentals are at fair value or off-market. To the extent that transactions are off-market, adjustments are required by IFRS 16 to return the transaction to market terms. This is achieved by deeming either additional financing to be present or that the lessee made a bullet upfront lease payment, depending on whether the sale price was above or below market prices respectively. These adjustments also affect the profit recorded on the sale and leaseback transaction with a deemed sale at undervalue increasing the profit recorded on the date of the transaction and vice versa.

4 Equipment and fixtures

	Note	2022G	2021G
Equipment and fixtures	4.2	**430,600,911**	262,430,203
Capital work in progress (CWIP)	4.3	**647,485,005**	752,090,736
		1,078,085,916	1,014,520,939

4.1 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Number of years
Aircraft equipment	3 to 20 years
Modification on leased aircraft and leasehold improvements	3 - 5 years or period of lease, whichever is shorter
Furniture and fixtures	3 - 4 years or period of lease, whichever is shorter

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4 Equipment and fixtures (continued)

4.2 Equipment and fixtures

	Note	Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2021G		203,894,401	21,180,716	3,100,668	228,175,785
Cost					
As at 1 January 2021G		561,237,655	62,859,748	16,313,506	640,410,909
Additions		1,791,404,881	-	1,330,874	1,792,735,755
Disposals	4.2.1	(1,793,004,488)	-	(164,650)	(1,793,169,138)
Transfers from CWIP	4.3	62,130,815	13,950,793	-	76,081,608
At 31 December 2021G		621,768,863	76,810,541	17,479,730	716,059,134
Accumulated depreciation					
As at 1 January 2021G		357,343,254	41,679,032	13,212,838	412,235,124
Charge for the year		33,414,782	6,008,758	2,134,917	41,558,457
Disposals		-	-	(164,650)	(164,650)
At 31 December 2021G		390,758,036	47,687,790	15,183,105	453,628,931
Net book value as at 31 December 2021G		231,010,827	29,122,751	2,296,625	262,430,203

	Note	Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2022G		231,010,827	29,122,751	2,296,625	262,430,203
Cost					
As at 1 January 2022G		621,768,863	76,810,541	17,479,730	716,059,134
Additions		1,577,068,308	-	857,427	1,577,925,735
Disposals	4.2.1	(1,553,542,778)	-	-	(1,553,542,778)
Transfers from CWIP	4.3	183,738,348	10,244,490	-	193,982,838
At 31 December 2022G		829,032,741	87,055,031	18,337,157	934,424,929
Accumulated depreciation					
As at 1 January 2022G		390,758,036	47,687,790	15,183,105	453,628,931
Charge for the year		43,578,088	5,194,901	1,422,098	50,195,087
At 31 December 2022G		434,336,124	52,882,691	16,605,203	503,824,018
Net book value as at 31 December 2022G		394,696,617	34,172,340	1,731,954	430,600,911

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4 Equipment and fixtures (continued)

4.2 Equipment and fixtures (continued)

Depreciation expense breakup	2022G	2021G
Cost of revenue (note 22)	**48,772,989**	39,423,540
General and administrative expenses (note 24)	**1,422,098**	2,134,917
	50,195,087	41,558,457

4.2.1 Disposal

During the year, the Company has entered into sale and lease back transaction for its eight (2021G: ten) aircrafts which resulted in a cumulative gain of SAR 131.7 million (2021G: SAR 129.7 million) that was recognized in the statement of income and other comprehensive income.

4.3 Capital work in progress

Capital work in progress as at 31 December 2022G and 2021G consists of advances paid in respect of pre-delivery purchase of aircraft amounting to SAR 596.2 million (2021G: SAR 703.2 million) and a spare engine amounting to SAR 44.1 million (2021G: SAR 46.3 million).

4.3.1 Movement in CWIP

	2022G	2021G
1 January	**752,090,736**	462,331,182
Additions	**89,377,107**	365,841,162
Transfers to equipment and fixtures	**(193,982,838)**	(76,081,608)
31 December	**647,485,005**	752,090,736

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5 Right-of-use assets

The cost of right-of-use assets is depreciated over a straight-line method over the estimated useful life of the assets based on the period of the lease contracts.

	2022G	2021G
		(Restated)
1 January (as previously stated)	**3,833,807,192**	1,758,367,834
Change in accounting policies	**-**	415,193,070
1 January (adjusted)	**3,833,807,192**	2,173,560,904
Additions	**1,829,473,974**	2,200,296,913
Termination	**(9,672,969)**	(33,288,839)
Depreciation	**(603,495,204)**	(506,761,786)
31 December	**5,050,112,993**	3,833,807,192

5.1 The right-of-use assets are segregated as below:

	Aircraft	Leasehold buildings	Maintenance Assets	Total
As at 1 January 2021G (as previously stated)	1,686,582,237	71,785,597	-	1,758,367,834
Change in accounting policies	(114,243,394)	-	529,436,464	415,193,070
As at 1 January 2021G (adjusted)	1,572,338,843	71,785,597	529,436,464	2,173,560,904
Additions	1,486,344,437	30,999,393	682,953,083	2,200,296,913
Termination	-	(33,288,839)	-	(33,288,839)
Depreciation	(342,412,302)	(24,499,365)	(139,850,119)	(506,761,786)
At 31 December 2021G	**2,716,270,978**	**44,996,786**	**1,072,539,428**	**3,833,807,192**

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5 Right-of-use assets (continued)

5.1 The right-of-use assets are segregated as below: (continued)

	Aircraft	Leasehold buildings	Maintenance Assets	Total
As at 1 January 2022G	2,716,270,978	44,996,786	1,072,539,428	3,833,807,192
Additions	1,581,811,559	79,001,972	168,660,443	1,829,473,974
Termination	-	(9,672,969)	-	(9,672,969)
Depreciation	(408,519,923)	(24,454,155)	(170,521,126)	(603,495,204)
At 31 December 2022G	3,889,562,614	89,871,634	1,070,678,745	5,050,112,993

5.2 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Number of years, hours, or cycles
Airframe 6Y Check Reserves	6 years
Airframe 12Y Check Reserves	12 years
Landing Gear Reserves	10 years
Engine Performance	12,000 engine flight hours or period of lease, whichever is shorter
Auxiliary Power Unit	7,500 engine flight hours or period of lease, whichever is shorter
Engine LLP	20,000 engine cycles or period of lease, whichever is shorter

6 Intangible assets

During 2015, pursuant to approval from the Parent Company's Board of Directors and its shareholders, the Parent Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company at its fair value of SAR 2,000 million, through non-cash consideration.

AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah.

Operations. Management has assessed the useful life of AOC and concluded that it has indefinite useful life. (Also see judgement note on useful life of AoC).

Based on the annual impairment assessment, the management concluded that there is no impairment required as the fair value of AOC is more than the carrying value. The management appointed an external expert for impairment assessment. The details about valuation method are provided in note 6.1 below:

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6 Intangible assets (continued)

The Company has consistently applied fair value less cost of disposal approach to assess the impairment of AOC. The fair value was based on income approach i.e., "Green field method". This method is based on the assumption that a business commences its trade at the measurement date with only the asset in question and accordingly generates cash flows over its economic life.

The fair value measurement is categorized as a level 3 input in fair value hierarchy i.e., inputs to model are not based on observable market date.

Key assumptions used to determine the fair value is as follows:

Cashflow projections

For valuation purposes, 17 years cash flow projections were used and for the later period terminal value was based on earning multiple i.e., Gordon n Growth Model.

Discount rate

Discount rate is based on build up approach that is based on past experience and external sources, comprising of the following:

- The real yield on long term US Bonds (given the lack of default free government bonds in the region)
- Average long term KSA inflation premium based on long term inflation expectations
- The equity risk premium
- Country risk premium
- Average beta of aviation sector in the Emerging Markets
- Average gearing of aviation sector in the Emerging Markets
- Size and specific risk premium

While performing the valuation, the discount rate was estimated in the range of 15.5% to 16.5%.

Compound Annual Growth rate (CAGR) used to extrapolate cash flows beyond forecast period

This CAGR has been determined based on long term inflation forecast of Kingdom of Saudi Arabia and the terminal growth rate used was at 2.7%.

Sensitivity analysis as at 31 December 2022G

Given below is the impact of sensitivity analysis on the fair value of AoC due to standalone changes in key assumptions used in the valuation of AOC, considering all other assumptions are being constant:

	Chance in percentage by %	Impact on the fair value of AOC by SAR million
Increase in discount rate	1%	584
Decrease in passenger yield	5%	1,050
Decrease in load factor	5%	1,144

None of the above changes in discount rate, passenger yield and load factor will reduce the fair value of AoC to such an extent as to result in impairment charges.

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7 Investment in associates

Despite nominal investment of the Company in the below mentioned companies, they are considered to be associates as per the requirements of IAS - 28 "Investments in Associates and Joint Ventures" because the Company has significant influence over their financial and operating policies by virtue of common ownership and representation of the common directors on the board of the Parent Company. These investments are in equity shares of unlisted entities. Owing to the immateriality of these associates, share of results from the operations of these associates have not been considered in preparation of these financial statements. The carrying value of these investments approximates to their fair values. The principal place of business of these entities is in KSA.

Unquoted limited liability companies registered in KSA	Ownership%	2022G	2021G
Flynas Hajj & Umrah Company Limited	2%	**6,000**	6,000
NAS Private Aviation Company Limited	2%	**6,000**	6,000
NAS Aircraft Technical Services Company Limited	2%	**6,000**	6,000
		18,000	18,000

8 Stores and spares

	Note	2022G	2021G
Stores and spares		**11,873,586**	12,817,553
Less: Provision for obsolescence	8.1	**(8,384,000)**	(8,384,000)
		3,489,586	4,433,553

8.1 Movement in provision for obsolescence

	2022G	2021G
1 January	**8,384,000**	8,771,370
Utilized during the year	**-**	(387,370)
31 December	**8,384,000**	8,384,000

9 Deposits for aircraft

	2022G	2021G
Non-current portion	**53,969,093**	45,157,987
Current portion	**38,906,250**	56,442,617
	92,875,343	101,600,604

Deposits for aircraft represent the deposits paid to leasing companies as security to cover the lease rentals and maintenance obligations as per lease agreements.

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10 Trade receivables

	Note	2022G	2021G
Third-party customers	10.1	**194,179,873**	146,762,769
Related parties	31.3	**29,542,017**	120,246,667
		223,721,890	267,009,436
Allowance for expected credit losses	10.2	**(77,773,119)**	(162,465,985)
		145,948,771	104,543,451

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

10.1 This includes a receivable from GACA amounting to SAR 32.32 million (2021G: SAR 32.32 million). This pertains to the agreement between GACA and the Company effective November 1, 2016, whereby GACA will reimburse certain operational expenses incurred by the Company for operating flights from Abha airport to certain agreed destinations within the Kingdom of Saudi Arabia.

10.2 Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2022G	2021G
1 January	**162,465,985**	119,691,779
Provision for expected credit losses	**8,353,485**	42,774,206
Adjustment 1 (Refer note 38)	**(93,046,351)**	-
31 December	**77,773,119**	162,465,985

11 Prepayments and other current assets

	Note	2022G	2021G
			(Restated)
Progress payments for aircraft maintenance expenditure		**-**	15,563,914
Deposits to vendors	11.1	**55,945,710**	49,124,530
Advances to suppliers		**22,540,995**	4,189,013
Prepayments		**2,769,802**	3,500,605
Contract assets		**3,598,737**	-
Other receivables		**4,389,418**	2,543,167
		89,244,662	74,921,229

11.1 The balance represents security deposits paid to vendors mainly for fuel, civil aviation authorities and handling agents.

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12 Cash and cash equivalents

	2022G	2021G
Cash in hand	**1,093,352**	991,311
Cash at banks	**298,430,904**	296,571,984
	299,524,256	297,563,295
Time deposit (maturity of less than three months at the time of placement)	**888,796,075**	-
	1,188,320,331	297,563,295

13 Share capital

As at 31 December 2022G and 2021G, the authorized, issued and fully paid share capital of the Company consists of 153,425,000 shares of SAR 10 each.

14 Statutory reserves

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-laws, the Company is required to transfer 10% of the profit for the year, after absorption of any accumulated losses, to a statutory reserve until it equals 30% of its share capital. The reserve is currently not available for distribution to the shareholder of the Company. No transfer has been made during the current year due to the accumulated losses of the Company.

15 Trade and other payables

	Note	2022G	2021G
Trade payables		**928,716,562**	1,242,483,737
Accrued expenses		**485,523,585**	399,549,302
Passenger taxes payable		**163,241,412**	152,173,976
Taxes payable		**33,156,294**	39,847,756
Due to related parties	31.3	**25,330,498**	7,257,610
Withholding taxes on aircraft leases		**211,606,350**	211,519,920
		1,847,574,701	2,052,832,301
Non-current portion	15.1	**(221,827,095)**	(316,486,644)
Current portion		**1,625,747,606**	1,736,345,657

15.1 During 2019G, the Company submitted a repayment plan to GACA and requested to reschedule amounts payable to GACA over five years period with commitment to settle any new invoices as and when it becomes due. GACA has accepted the repayment plan of the Company which was approved by the Ministry of Finance during 2021G.

Starting 2019G such non-current liabilities arising from arrangements have been remeasured at their present value in the financial statements.

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16 Lease liabilities

	2022G	2021G
		(Restated)
January 1, (Refer note 37.1)	**2,783,010,181**	1,651,357,673
Additions	**1,224,596,519**	1,576,702,259
Termination	**(13,759,695)**	(34,203,517)
Finance cost (note 26)	**137,588,552**	138,870,101
Payments	**(499,726,831)**	(549,716,335)
	3,631,708,726	2,783,010,181

16.1 Lease liabilities are segregated as below:

	2022G	2021G
		(Restated)
Current portion	**401,216,907**	262,142,127
Non-current portion	**3,230,491,819**	2,520,868,054
	3,631,708,726	2,783,010,181

Lease liabilities include SAR 1,343 million (2021G: SAR 1,228 million) in relation to re-delivery and maintenance cost.

Expense relating to short-term leases during the year 2022G amounted to 195 million (2021G: SAR 23 million) (note 22).

16.2 Aircraft related provisions

Aircraft related provisions consists of heavy maintenance and re-delivery cost of aircraft.

	2022G	2021G
1 January (Refer note 37.1)	**1,228,185,005**	642,413,531
Additions	**604,075,476**	622,622,569
Finance cost (note 28)	**62,179,089**	17,664,613
Payments	**(188,900,910)**	(54,515,708)
	1,705,538,660	1,228,185,005

16.2.1 Aircraft related provisions are segregated as below:

	2022G	2021G
Current portion	**100,750,056**	147,719,177
Non-current portion	**1,604,788,604**	1,080,465,828
	1,705,538,660	1,228,185,005

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17 Contract liabilities

	Note	2022G	2021G
Unutilized tickets	17.1	**176,261,538**	164,353,299
Customer loyalty points	17.2	**16,670,474**	16,622,781
Advances from customers	17.3	**2,754,120**	12,477,617
		195,686,132	193,453,697
Revenue recognized during the year that was included in the contract liability balance at the beginning of the year		**161,633,113**	163,321,823

17.1 Revenue deferred during the year was SAR 4.4 billion (2021G: SAR 2.4 billion) and revenue recognized during the year amounted to SAR 4.4 billion (2021G: SAR 2.5 billion).

17.2 Customer loyalty points redeemed during the year were SAR 7.6 million (2021G: SAR 0.5 million) and points earned and sold during the year were SAR 7.7 million (2021G: SAR 0.4 million). Customer loyalty points have one years expiration. The management of the Group believes that any breakage estimate related to such points is not material.

17.3 All other remaining performance obligations, if any, are expected to be recognized within one year.

18 Loans

	Note	2022G	2021G
Murabaha Facility	18.1	**843,750,000**	-
Saudi Industrial Development Fund	18.2	**224,866,198**	297,888,967
Saudi Industrial Development Fund	18.3	**164,500,000**	-
		1,233,116,198	297,888,967

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18 Loans (continued)

	2022G	2021G
Current portion	**388,397,448**	297,888,967
Non-current portion	**844,718,750**	-
	1,233,116,198	297,888,967

18.1 During 2022G, the Company signed a Master Murabaha Agreement (the “Facility”) with a consortium of banks through a participating agent for an amount of SAR 2.25 billion. The first drawdown request in relation to the Facility was completed during 2022G for an amount of SAR 843.75 million. The repayment plan is split into 36 equal monthly installments commencing from the month of January 2024G.

The Facility is pledge against certain receivables arising in connection with the transactions carried out with The International Air Transport Association (‘IATA’) under a Billing and Settlement Plan (‘IATA BSP’). As part of the IATA BSP arrangement, the Company directs and authorizes IATA to carry out payment for certain receivables into the account of the security agent of the Facility.

The Facility carries a markup margin of 2.25% plus one-month Saudi Interbank Offer Rate (‘SIBOR’) rate and includes certain financial covenants with respect to minimum cash balance, net leverage, and debt service coverage ratios. The Company has complied with all its covenants.

18.2 During 2020G, the Company obtained a loan of SAR 300 million from Saudi Industrial Development Fund (SIDF). During the month of August 2022G, the Company carried out first payment of its installment due in respect of this loan and rescheduled the remaining portion of the loan into to 3 equal semi-annual installments of SAR 75 million each starting from February 2023G and spreading across till February 2024G. The Company has considered this change as modification of the existing facility and resulting gain arising on the restructuring has been recognized in the profit or loss as part of finance income.

The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF which is based on SIBOR plus a spread.

18.3 During 2022G, the Company obtained an additional loan facility from SIDF for an amount of SAR 164.50 million under Transportation Sector Support Initiative program. The loan is repayable in 4 semi-annual installments commencing from December 2023G spreading over to until June 2025G. The loan is subject to financial charges in the form of expected semi-annual follow up fees charged by SIDF which is based on SIBOR plus a spread.

SIDF loans contain certain financial covenants such as restrictions on dividends distribution, utilizing any offering of shares for repayment of the loan and utilizing the loan for its intended purposes. The Company has complied with all of its covenants as at 31 December 2022G.

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19 Employees' end of service benefits

19.1 Actuarial valuation

The most recent actuarial valuation was performed as of 31 December 2022G, by an independent actuary:

19.2 Principal actuarial assumptions

	2022G	2021G
Salary increase rate	**4.0%**	5.0%
Discount rate	**5.2%**	3.5%

The actuarial valuation was conducted using Projected Unit Credit method.

19.3 Employees' end of service benefits expense

	2022G	2021G
Current service cost	**29,951,805**	19,570,283
Interest cost on benefit liabilities	**272,423**	6,482,269
Total benefit expense	**30,224,228**	26,052,552

19.4 Movement of present value of employees' end of service benefits liability

	Note	2022G	2021G
1 January		**198,584,220**	181,141,302
Charge for the year	19.3	**30,224,228**	26,052,552
Benefits paid		**(15,446,927)**	(17,784,048)
Remeasurement (gain) loss on employees' end of service benefits liabilities		**(18,121,234)**	9,174,414
31 December		**195,240,287**	198,584,220

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19 Employees' end of service benefits (continued)

19.5 Employees' end of service benefits liability sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' end of service benefits liability as at 31 December 2022G and 31 December 2021G is shown below:

Assumptions	Salary increase rate		Discount rate	
Sensitivity level	1%	1%	1%	1%
	Increase	Decrease	Increase	Decrease
31 December 2022G	**200,693**	**183,276**	**183,316**	**200,822**
31 December 2021G	205,375	186,472	189,656	197,278

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' end of service benefits liability as a result of reasonable changes in key assumptions occurring as at 31 December 2022G and 31 December 2021G. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in DBO as it is unlikely that changes in assumptions would occur in isolation of one another.

The weighted average duration of the end of service benefits plan obligation as at 31 December 2022G is 5.3 years (2021G: 4.61 years). The expected maturity analysis is as follows (in thousands):

	Less than one year	1-2 years	3-5 years	Over 5 years	Total
31 December 2022G	**31,477**	**33,018**	**66,491**	**189,101**	**320,087**
31 December 2021G	28,059	30,363	56,357	157,562	272,341

20 Zakat

Charge for the year and status of assessments

Filing as part of the Parent Company:

From the year 2013, zakat returns are filed on a consolidated basis by the Parent Company. Accordingly, the Company's zakat charge for the year is initially calculated at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company, if any. During the year, SAR 5.9 million (2021G: 0.87 million) was allocated to the Company by the Parent Company in relation to the zakat charge for the year ended 31 December 2022G.

Individual filing:

ZATCA has raised initial assessments for the year ended and up to 31 December 2011. The assessment for the years from 2012 has not yet been raised by ZATCA.

21 Revenue

	Note	2022G	2021G
Scheduled	21.1	**4,354,526,025**	2,505,123,025
Unscheduled		**285,927,455**	2,938,114
General aviation		**168,926,737**	165,315,060
		4,809,380,217	2,673,376,199

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21 Revenue (continued)

Scheduled: relates to the main operation of passenger commercial flights that includes such as base fare, airport, fuel, admin surcharge and other ancillary revenue such as excess baggage, inflight meals, seat selection charges etc.

- Unscheduled: the Company operates special flights for Hajj and Umrah passengers under service level agreement with Flynas Hajj and Umrah and other parties.
- General aviation: related to operations of charter flights under contract with parties, the contracts are based on trips or flying hours basis.

21.1 Geographical revenue analysis for scheduled passenger revenue

	2022G	2021G
International	**2,504,741,002**	1,057,187,864
Domestic	**1,817,242,450**	1,403,441,613
Other	**32,542,573**	44,493,548
	4,354,526,025	2,505,123,025

21.2 Performance obligations

The Company provides certain promises that are considered as a performance obligation. Key obligations in a customer contract are:

Provision of transportation service

Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). Currently, the Company recognizes base fare revenue when the performance obligation is satisfied i.e. flight has actually flown.

Provision of ancillary services such as catering meals, excess baggage and other fee

Ancillary Services Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee).

These services are provided along with the normal transportation service as an integrated service. The performance obligation is satisfied when the flight has flown.

The above obligations were considered to be integrated and hence delivery of services was considered a single performance obligation as:

- The customer could not benefit from the individual service on its own or together with other resources readily available;
- Although the promise to transfer the services was separately identifiable in the contract;

  a. The Company only provided such services in integration;
  b. The services significantly impacted and thus altered other promised services;
  c. The customer could not purchase only some of the services while omitting others.

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22 Cost of revenue

	Note	2022G	2021G
			(Restated)
Fuel costs		**1,432,543,489**	502,340,255
Landing, handling, and en-route charges		**871,622,019**	566,822,745
Salaries and related costs		**607,747,625**	457,662,555
Maintenance and other aircraft costs		**301,519,593**	186,547,595
Depreciation on right-of-use assets	5	**603,495,204**	506,761,786
Depreciation on equipment and fixtures	4	**48,772,989**	39,423,540
Rental expense	16	**195,066,019**	23,202,769
Commission and reservation systems expenses		**73,718,693**	39,912,681
Others	22.1	**78,647,061**	72,984,984
		4,213,132,692	2,395,658,910

22.1 Others primarily include insurance charges, utilities, and tax related charges.

23 Selling and marketing expenses

	2022G	2021G
Salaries and related expenses	**54,142,406**	49,649,287
Business development and promotion expenses	**45,742,882**	13,579,235
Collection charges	**37,885,806**	26,353,874
Customer service-related expenses	**7,011,321**	6,326,247
Professional fees	**2,943,304**	1,957,416
Others	**9,435,378**	5,302,037
	157,161,097	103,168,096

24 General and administrative expenses

	Note	2022G	2021G
Salaries and related expenses		**71,319,315**	67,371,167
Professional fees		**31,706,940**	30,839,192
Penalties		**2,387,355**	1,218,941
Depreciation on equipment and fixtures	4	**1,422,098**	2,134,917
Others		**14,204,758**	8,548,471
		121,040,466	110,112,688

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25 Finance income

	2022G	2021G
Interest income on deposits with banks	**12,875,454**	87,079

26 Finance cost

	Note	2022G	2021G
			(Restated)
Interest on lease liabilities	16	**137,588,552**	138,870,101
Interest on aircraft related provisions		**62,179,089**	17,664,613
Bank guarantee and commitment fee		**5,664,248**	2,097,445
Imputed interest on deposits and long-term payables		**9,831,882**	5,005,148
Interest on Murabaha Facility		**61,776,333**	-
Interest on SIDF loan	18	**-**	3,687,489
Others		**698,362**	432,057
		277,738,466	167,756,853

27 Other income

	2022G	2021G
VAT charges	-	36,800,824

28 Contingencies and Commitments

28.1 Commitments

The Company has entered into contracts with the aircraft manufacturer for the purchase of certain aircrafts. The remaining value of this contract is SAR 9,321 million (2021G: SAR 11,986 million) excluding pre-delivery payments carried out as at the balance sheet date.

28.2 Contingencies

As at 31 December 2022G, the Company has outstanding letters of credits and bank guarantees amounting to SAR 184.4 million (2021G: SAR 29.8 million).

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29 Financial instruments

Fair value measurement of financial instruments

Financial instruments comprise of financial assets and financial liabilities. All the financial assets and financial liabilities are carried at amortized cost.

Financial assets comprise of the following:

Financial statements line item	Note	IFRS 9 classification
Trade receivables and other receivables	29.1	Amortized cost
Cash and cash equivalents	29.1	Amortized cost
Deposits for aircraft	29.2	Amortized cost

Financial liabilities comprise of the following:

Financial statements line item	Note	IFRS 9 classification
Trade and other payables	29.1	Amortized cost
Lease liabilities	-	Amortized cost
Loans	29.3	Amortized cost

29.1 The management assessed that fair value of its financial instruments approximate their carrying amounts, largely due to the short-term maturities of these instruments, hence they are classified under level 3.

29.2 The fair value of the Company's long term security deposits for leases is SAR 53.97 million (2021G: SAR 45.15 million) and are determined by applying the discounted cash flows method using discount rate that reflects the rate of return as at the end of the reporting period.

29.3 The fair value of the loan from SIDF is SAR 389.4 million (2021G: SAR 297.9 million) and has been determined by applying the discounted cash flows method using discount rate that reflects the current rate of interest as at the end of the reporting period. The fair value of Murabaha Facility approximates its carrying value as at 31 December 2022G.

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30 Risk management of financial instruments

Risk management framework

The Company's principal financial liabilities comprise of loan from SIDF, Murabaha Facility, lease liabilities and trade and other payables while principal financial assets include trade and other receivable, deposits and cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

The Company has exposure to the following risks arising from its financial instruments:

- Credit risk
- Liquidity risk
- Market rate risk

30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed by the management as follows:

	Note	2022G	2021G
Cash at banks including time deposit	12	**1,187,226,979**	296,571,984
Trade receivables	10	**145,948,771**	104,543,451
Deposits to vendors	11	**55,945,710**	49,124,530
Contract assets	11	**3,598,737**	-
Other receivable	11	**4,389,418**	2,543,167
		1,397,109,615	452,783,132

The carrying amount of the above financial assets represent the maximum credit exposure.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Cash at bank

Credit risk on bank balances is limited as cash balances are held with banks having sound credit ratings as below:

Rating / Banks	Short term	Long term	Rating Agency	2022G	2021G
Al Rajhi Bank - Time deposit	F2	A-	Fitch Ratings	**75,000,000**	-
Arab National Bank – Time deposit	F2	BBB+	Fitch Ratings	**400,000,000**	-
Banque Nationale de Algerie	-	-	-	**39,934,661**	326,407
Banque Saudi Fransi – Time deposit	F2	BBB+	Fitch Ratings	**226,296,074**	-
Banque Saudi Fransi – Bank balance	F2	BBB+	Fitch Ratings	**38,979,737**	5,000
Citi Bank	P-2	A3	Moody's	**16,812,483**	18,899,405
Emirates NBD Bank – Bank balance	F1	A+	Fitch Ratings	**73,704,729**	-
Saudi British Bank – Bank balance	F2	BBB+	Fitch Ratings	**68,616,994**	226,466,696
Saudi British Bank – Time deposit	F2	BBB+	Fitch Ratings	**187,500,000**	-
Saudi National Bank	F2	A-	Fitch Ratings	**28,108,634**	40,744,954
Others				**32,273,667**	10,129,522
				1,187,226,979	296,571,984

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Receivable of the Company is primarily concentrated in balances due from GACA (14% of gross trade receivable) and related parties (13% of Gross trade receivable) which has been disclosed in note 10.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

In monitoring customer credit risk, customers are segmented according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables which uses a lifetime expected loss allowance for all financial assets measured at amortised cost and contract assets.

The expected loss rates are based on the payment profiles of trade receivables over a period of 36 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Inputs into measurement of ECL

On that basis, the loss allowance as at 31 December 2022G and 31 December 2021G were determined as follows for trade and other receivables:

	December 31, 2022G			December 31, 2021G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	**85,124,959**	**1%**	**1,918,129**	43,785,414	15%	6,712,223
Days past due						
1-90 days	**26,746,677**	**6%**	**1,604,801**	16,400,948	39%	6,363,781
91-180 days	**5,430,043**	**20%**	**1,086,009**	9,265,433	64%	5,945,060
180-360 days	**13,137,065**	**4%**	**525,483**	22,315,584	70%	16,637,340
360-720 days	**1,404,293**	**4%**	**56,172**	53,489,983	82%	46,001,385
+720 days	**91,878,853**	**79-100%**	**72,582,525**	121,752,074	90%-100%	80,806,196
	223,721,890		**77,773,119**	267,009,436		162,465,985

Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss. Subsequent recoveries of amounts previously written off, if any, are credited against the same line item.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Deposit for aircrafts

Deposit for aircraft is with lessors that have sound external credit ratings. The management believes that the ECL impact on such deposits is not material because the outstanding lease liabilities position held with such lessors are significantly higher than the respective deposits for such aircraft and there is no historical precedence of default on such deposits.

Deposits for vendor

Historically no default in relation to these deposits and the management believes that the impact of applying ECL on outstanding balance of deposit and other receivable is not material.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation (Also refer note 2 about the management analysis of liquidity risk and financial support from the shareholder).

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30 Risk management of financial instruments (continued)

30.2 Liquidity risk (continued)

The table below summarizes the undiscounted maturities of the Company's financial liabilities based on contractual payment dates.

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at 31 December 2022G				
Trade and other payables	**1,608,044,610**	**251,400,391**	**-**	**1,859,445,001**
Lease liabilities	**388,933,320**	**1,681,095,193**	**3,148,865,437**	**5,218,893,950**
Loans	**388,531,250**	**844,718,750**	**-**	**1,233,250,000**
	2,385,509,180	**2,777,214,334**	**3,148,865,437**	**7,201,663,951**

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at 31 December 2021G (Restated)				
Trade and other payables	1,741,006,656	323,546,371	-	2,064,553,027
Lease liabilities	425,493,553	1,439,405,967	3,375,088,925	5,239,988,445
Loans	300,000,000	-	-	300,000,000
	2,466,500,209	1,762,952,338	3,375,088,925	7,604,541,472

Net debt reconciliation: (Restated)	Cash and cash equivalents	Loans	Lease liabilities	Total
Net debt at 1 January 2021G	435,407,400	294,201,478	1,651,357,673	2,380,966,551
Non-cash transactions	-	3,687,489	1,501,229,907	1,504,917,396
Net cash flows	(137,844,105)	-	(369,577,399)	(507,421,504)
Net debt at 31 December 2021G	297,563,295	297,888,967	2,783,010,181	3,378,462,443
Net debt at 1 January 2022G	**297,563,295**	**297,888,967**	**2,783,010,181**	**3,378,462,443**
Non-cash transactions		**1,977,231**	**1,214,342,986**	**1,216,320,217**
Net cash flows	**890,757,036**	**933,250,000**	**(365,644,441)**	**1,458,362,595**
Net debt at 31 December 2022G	**1,188,320,331**	**1,233,116,198**	**3,631,708,726**	**6,053,145,255**

30 Risk management of financial instruments (continued)

30.3 Market rate risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. While optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company uses foreign currencies, mainly US Dollar and Euro. The Company is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

Interest rate risk

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company does not have interest-bearing liabilities, such as bank borrowings, which are subject to re-pricing. Further, management monitors the changes in interest rates and believes that the interest rate risks to the Company are not significant.

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30 Risk management of financial instruments (continued)

30.3 Market rate risk (continued)

Price risk

The Company is exposed to fuel price risk. The Company's fuel price risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices while ensuring that the airline is not competitively disadvantaged in a serious way in the event of substantial fall in the price of fuel.

The following table demonstrates the sensitivity of statement of income to a reasonably possible change in fuel prices, with all other variables held constant.

	Effect on total comprehensive income for the year ended	
	2022G	2021G
Increase / (decrease) in fuel prices		
+5%	**(71,627,174)**	(25,117,013)
-5%	**71,627,174**	25,117,013

30.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximize shareholder's value. The Company is currently financed by equity and working capital.

The Company manages its capital structure and makes adjustment to it, considering changes in business and economic conditions or to respond to any financial covenants, if any. To maintain or adjust the capital structure, the Company may return capital to shareholder or issue new shares. No changes were made in the objectives, policies or process during the year ended 31 December 2022G and 2021G. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. The company strategy was to maintain a gearing ratio within a range of 65% to 80%. The gearing ratios at 31 December 2022G and 2021G were as follows:

	2022G	2021G
		(Restated)
Trade and other payables	**1,847,574,701**	2,052,832,301
Contract liabilities	**195,686,132**	193,453,697
Loan	**1,233,116,198**	297,888,967
Less: cash and bank balances	**(1,188,320,331)**	(297,563,295)
Net debt	**2,088,056,700**	2,246,611,670
Shareholder's equity	**839,230,898**	677,453,892
Total capital	**2,927,287,598**	2,924,065,562
Gearing ratio	**71%**	77%

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31 Related parties

Related parties represent the shareholders and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

31.1 Transactions and balances with Key Management Personnel

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

	2022G	2021G
Transactions		
Short-term employee benefits	**35,471,629**	30,947,395
Retirement benefits	**2,130,424**	2,250,039
	37,602,053	33,197,434

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

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 31 December 2022G and 2021G along with their balances. These transactions were entered into on mutually agreed terms.

31.2 Related party transactions:

Related party	Nature of transactions	2022G	2021G
Associate	Revenue - General aviation	**71,378,744**	55,932,824
An entity under common control	Revenue	**123,887,105**	35,946,347
An entity under common control	Cost of services	**7,915,676**	4,133,232

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31 Related parties (continued)

31.3 Related party balances:

	Note	Relationship	2022G	2021G
Amounts due from related parties				
Trade receivables	10			
NAS Private Aviation Company Limited - NAS Jet		Associate	**28,782,764**	-
KalAir International Limited		An entity under common control	**-**	45,353,357
KalAir Limited		An entity under common control	**-**	54,943,412
Kingdom Holding Company		Shareholder of the Parent	**199,578**	199,575
Others		An entity under common control	**559,675**	19,750,323
Total amount due from related parties			**29,542,017**	120,246,667
Amounts due to related parties				
Trade and other payables	15			
NAS Holding Company		Parent Company	**19,988,436**	-
NAS Private Aviation Company Limited - NAS Jet		Associate	**-**	7,257,610
KalAir Limited		An entity under common control	**4,519,712**	-
Others		An entity under common control	**822,350**	-
			25,330,498	7,257,610

Due from related parties includes SAR 0.76 million which is past due for more than 90 days and the Company has recognized SAR 0.51 million ECL provision against those balances. As at 31 December 2022G, the provision against related parties balances amounted to SAR 0.51 million (2021G: SAR 93.2 million). All such balances are unsecured.

31.4 The Parent Company and its subsidiaries referred to as "NAS Group", includes:

- National Air Services – NAS Holding Company
- Flynas Company
- Flynas Hajj & Umrah Company Limited
- NAS Aircraft Technical Services Company Limited (NAS Tech)
- NAS Private Aviation Company Limited (NAS Jet).

32 Dividend

There was no dividend approved declared during the current or prior year although a receivable balance was transferred to the Parent Company through retained earnings during the year for no consideration which has been disclosed in detail in note 37 to the financial statements.

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33 New and amended standards and interpretations

33.1 New accounting standards and interpretations effective during the year

The following amendments became effective from 1 January 2022G:

- \- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020G – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020G and effective for annual periods beginning on or after 1 January 2022G).

The application of the amendments had no significant impact on the Company's financial statements.

33.2 New accounting standards, amendments and interpretations not yet adopted by the Company

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023G or later, and which the Company has not early adopted.

- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021G and effective for annual periods beginning on or after 1 January 2023G).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020G and effective for annual periods beginning on or after 1 January 2022G).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on July 15, 2020G and effective for annual periods beginning on or after 1 January 2023G).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021G and effective for annual periods beginning on or after 1 January 2023G).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021G and effective for annual periods beginning on or after 1 January 2023G).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

34 Climate change impact

In preparing the financial statements, the Company has considered the impact of climate change, particularly in the context of the Kingdom's stated target of net zero carbon emissions by 2060. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

The Company operates a fleet of modern and efficient Airbus A320-family Aircraft (New Engine Option technology). The "neo"-type aircraft (both A320 and A321 variants), are Airbus' new generation of narrow-body aircraft, replacing the "ceo"-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, these new generation aircraft have at least a 15% proven fuel-burn efficiency over their previous generation aircraft and a 50% lower noise footprint during take-off and landing. The management strongly believes that this will have a positive impact in reducing carbon footprint of the Company.

35 Subsequent events

On 15 April 2024G, the shareholders of NAS Holding Company (the "Parent Company") approved the distribution of its entire shareholding in Flynas to its shareholders based on their proportional ownership in the Parent Company. Consequently, Flynas ceased to have a controlling party.

Effective 14 May 2024G, the 100% shareholding previously held by the Parent Company was transferred to its individual shareholders, resulting in the change of Flynas' legal status from a 'Single Person Joint Stock Company' to a 'Joint Stock Company'.

Furthermore, on 7 November 2024G, the Company entered into an A330neo Purchase Agreement with Airbus S.A.S. for the acquisition of 15 A330 aircraft, with an option to purchase up to 15 additional aircraft.

36 Date of authorization

These financial statements were authorized for issue on 4 March 2025G by the Board of Directors of the Company.

37 Prior year adjustments and comparative information

Reason for reissuance (Adjustment 1)

These financial statements have been reissued because of a change in accounting policy relating to the distribution of non-cash assets to owners. During the year ended 31 December 2022G, the Company transferred to its Parent Company for no consideration its receivable balance from National Flight Services Company (non-controlling shareholder of its Parent Company) in the sum of SAR 121,162,264. In the previously issued financial statements, this transfer was treated as a non-cash asset distribution to the Parent Company at fair value. Since the asset was controlled by the Parent Company before and after the distribution, IFRIC 17 ("Distributions of Non-cash Assets to Owners") was not applicable per paragraph 5 of IFRIC 17. At that time, the Company determined that, in the absence of specific IFRS guidance, an appropriate accounting policy needed to be developed under IAS 8 (paragraphs 10-12). The Company elected to apply IFRIC 17 by analogy and accounted for the distribution at fair value as is generally accepted accounting practice.

The receivable had previously been carried at SAR 28,115,913, net of an expected credit loss of SAR 93,046,351. In light of credit quality improvements during the year ended 31 December 2022G before the date of distribution, fair value at the date of distribution was determined to approximate the face value of SAR 121,162,264, and as such a gain on distribution of SAR 93,046,351 was recognized in profit or loss.

Following the recommendation of the Capital Market Authority (CMA) during the IPO process, the Company has changed its accounting policy, now treating the distribution at net book value instead of fair value. Therefore, these financial statements have been reissued to exclude the gain on the distribution, with the impact of this restatement described in the subsequent sections.

Other restatements (Adjustments 2, 3 and 4)

In addition to the reissuance matter described above, the 31 December 2022G financial statements previously issued contained restatements of the 2021G comparatives. These restatements are included in these financial statements since the 2021G financial statements have not been reissued (hereinafter referred to as '**Adjustment 2**').

In addition, the 31 December 2023G issued financial statements had restatements of the 2022G figures. As part of this reissuance, these changes have been included within these reissued 2022G financial statements (hereinafter referred to as '**Adjustment 3**').

Finally, besides the impact of the above adjustments, a gross up in the presentation of investing cash flows has been made in these reissued financial statements to conform with the presentation adopted in the 2024G condensed interim financial information for the three-month and nine-month month periods ended 30 September 2024G to ensure that all investing cash flows are reported gross (herein after referred to as '**Adjustment 4**').

Throughout this note, the following nomenclature is used:

1. Figures included in the previously issued financial statements for the year ended 31 December 2022G, hereinafter referred to as "**previously issued FS 2022G**"; and
2. Figures included in the previously issued financial statements for the year ended 31 December 2021G hereinafter referred to as "**previously issued FS 2021G**".

Adjustment 2 details:

During the year ended 31 December 2022G, the Company changed its treatment of heavy maintenance expenditure on leased aircraft due to an error in the previous accounting policies. In previous years, the Company incorrectly expensed the refundable maintenance deposits payable to the lessor and did not recognize a separate provision for unavoidable heavy maintenance expenditure upon return of the planes. The Company is now treating any maintenance deposits payable to the lessor as assets and accounting separately for its return condition obligations under its aircraft leases in accordance with IAS 37. The Company now accounts for any unavoidable return condition costs as a liability on commencement of the lease with the debit side of the entry capitalized into the right-of-use asset. Major maintenance components of planes are separately identified and depreciated over their useful economic lives until the next major overhaul.

37 Prior year adjustments and comparative information (continued)

Other restatements (Adjustments 2, 3 and 4) (continued)

Adjustment 2 details: (continued)

Where necessary, adjustments were made in accordance with IAS 8 "Accounting policies, changes in accounting estimate and errors", as endorsed in the Kingdom of Saudi Arabia. As a result, management restated the comparatives to retrospectively adjust all prior year errors in the financial statements for the year ended 31 December 2022G as prior year restatements.

However, when this restatement was initially made, the return condition provisions were presented as part of lease liabilities rather than provisions. This additional presentational correction is described in Adjustment 3 immediately below.

Adjustment 3 details:

The financial statements for the year ended 31 December 2023G were previously restated to reflect the reclassification of certain amounts previously reported under 'Lease Liabilities' within non-current liabilities. These amounts were reclassified to 'Aircraft-Related Provisions' (bifurcated between current and non-current liabilities) on the statement of financial position as of 31 December 2022G. This adjustment was made to align with the disclosure requirements of IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets) and IAS 1 (Presentation of Financial Statements), which necessitate the separate presentation of provisions on the face of the statement of financial position. Additionally, this reclassification had a consequential impact on the statement of cash flows for the year ended 31 December 2021G. Specifically, cash flows related to 'Aircraft-Related Provisions,' which were previously classified under financing cash flows, were reclassified to operating cash flows, ensuring consistency with the nature of the underlying transactions.

Adjustment 4 details:

In the previously issued 2022G financial statements, cash flows associated with the acquisition of equipment and fixtures, including pre-delivery payments and related refunds for aircraft, were presented on a net basis.

In the Reissued Financial Statements, these amounts have now been presented on a gross basis to comply with IAS 7.

The impact of all four adjustments have been incorporated as follows:

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37 Prior year adjustments and comparative information (continued)

37.1 Statement of financial position as at 1 January 2021G:

	As per previously issued FS 2021G	Adjustment 2	As per previously issued FS 2022G	Adjustment 3	As per reissued FS 2022G
Right-of-use assets	1,758,367,834	415,193,070	2,173,560,904	-	**2,173,560,904**
Total non-current assets	4,492,487,030	415,193,070	4,907,680,100	-	**4,907,680,100**
Total assets	5,241,856,431	415,193,070	5,657,049,501	-	**5,657,049,501**
Lease liabilities	377,285,229	(70,858,942)	306,426,287	-	**306,426,287**
Aircraft related provisions	-			83,513,759	**83,513,759**
Total current liabilities	2,404,512,515	(70,858,942)	2,333,653,573	83,513,759	**2,417,167,332**
Lease liabilities	1,490,942,626	496,402,291	1,987,344,917	(642,413,531)	**1,344,931,386**
Aircraft related provisions	-			558,899,772	**558,899,772**
Total non-current liabilities	2,160,218,087	496,402,291	2,656,620,378	(83,513,759)	**2,573,106,619**
Total liabilities	4,564,730,602	425,543,349	4,990,273,951	-	**4,990,273,951**
Accumulated losses	(857,274,171)	(10,350,279)	(867,624,450)	-	**(867,624,450)**
Net equity	677,125,829	(10,350,279)	666,775,550	-	**666,775,550**

37.1.1 Statement of financial position as at 31 December 2021G:

	As previously issued FS 2021G	Adjustment 2	As per previously issued FS 2022G	Adjustment 3	As per reissued FS 2022G
Right-of-use assets	2,962,477,339	871,329,853	3,833,807,192	-	**3,833,807,192**
Total non-current assets	6,022,174,265	871,329,853	6,893,504,118	-	**6,893,504,118**
Total assets	6,560,078,410	871,329,853	7,431,408,263	-	**7,431,408,263**
Lease liabilities	333,001,069	(70,858,942)	262,142,127	-	**262,142,127**
Aircraft related provisions				147,719,177	**147,719,177**
Total current liabilities	2,560,689,390	(70,858,942)	2,489,830,448	147,719,177	**2,637,549,625**
Lease liabilities	2,765,588,748	983,464,311	3,749,053,059	(1,228,185,005)	**2,520,868,054**
Aircraft related provisions				1,080,465,828	**1,080,465,828**
Total non-current liabilities	3,280,659,612	983,464,311	4,264,123,923	(147,719,177)	**4,116,404,746**
Total liabilities	5,841,349,002	912,605,369	6,753,954,371	-	**6,753,954,371**
Accumulated losses	(815,670,592)	(41,275,516)	(856,946,108)	-	**(856,946,108)**
Net equity	718,729,408	(41,275,516)	677,453,892	-	**677,453,892**

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the reissued financial statements for the year ended 31 December 2022G
All amounts are in Saudi Riyals unless otherwise stated)

37 Prior year adjustments and comparative information (continued)

37.1 Statement of financial position as at 1 January 2021G: (continued)

37.1.2 Statement of financial position as at 31 December 2022G:

	As previously issued FS 2022G	Adjustment 3	As per reissued FS 2022G
Lease liabilities	401,216,907	-	401,216,907
Aircraft related provisions	-	100,750,056	100,750,056
Total current liabilities	2,611,048,093	-	2,611,048,093
Lease liabilities	4,936,030,479	(1,705,538,660)	3,230,491,819
Aircraft related provisions	-	1,604,788,604	1,604,788,604
Total non-current liabilities	6,197,816,611	(100,750,056)	6,097,066,555
Total liabilities	8,808,864,704	-	8,808,864,704

37.2 Statement of profit or loss and other comprehensive income for the year ended 31 December 2021G:

	As per previously issued FS 2021G	Adjustment 2	Year ended 31 December 2021G per reissued FS 2022G
Cost of revenue - Maintenance and other aircraft costs	(309,272,079)	122,724,484	(186,547,595)
Cost of revenue - Depreciation on right-of- use assets	(382,794,821)	(123,966,965)	(506,761,786)
Finance cost	(138,074,097)	(29,682,756)	(167,756,853)
Profit before zakat	51,650,009	(30,925,237)	20,724,772
Profit for the year	50,777,993	(30,925,237)	19,852,756
Total comprehensive income for the year	41,603,579	(30,925,237)	10,678,342

37.2.1 Statement of profit or loss and other comprehensive income for the year ended 31 December 2022G:

	As per previously issued FS 2022G	Adjustment 1	As per reissued FS 2022G
Gain on transfer of assets to the owners	93,046,351	(93,046,351)	-
Operating profit	535,580,504	(93,046,351)	442,534,153
Profit before zakat	270,717,492	(93,046,351)	177,671,141
Profit for the year	264,818,036	(93,046,351)	171,771,685
Total comprehensive income for the year	282,939,270	(93,046,351)	189,892,919

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the reissued financial statements for the year ended 31 December 2022G

All amounts are in Saudi Riyals unless otherwise stated)

37 Prior year adjustments and comparative information (continued)

37.3 Statement of changes in equity as at 1 January 2021G:

	As per Previously issued FS 2021G	Adjustment 2	As at 1 January 2021G per re issued FS 2022G
Accumulated losses	(857,274,171)	(10,350,279)	(867,624,450)
Net equity	677,125,829	(10,350,279)	666,775,550

37.3.1 Statement of changes in equity as at 31 December 2022G:

	As per previously issued FS 2022G	Adjustment 1	As per reissued FS 2022G
Profit for the year	264,818,036	(93,046,351)	171,771,685
Total comprehensive income for the year	282,939,270	(93,046,351)	189,892,919
Transfer of assets to the owners (note 10)	(121,162,264)	93,046,351	(28,115,913)
Accumulated losses	(695,169,102)	-	(695,169,102)
Net equity	839,230,898	-	839,230,898

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the reissued financial statements for the year ended 31 December 2022G

All amounts are in Saudi Riyals unless otherwise stated)

37 Prior year adjustments and comparative information (continued)

37.4 Statement of cash flows for the year ended 31 December 2021G:

	As per Previously issued FS 2021G	Adjustment 3	As previously issued FS 2022G	Adjustment 3	Adjustment 4	As at 31 December 2021G per Reissued FS 2022G
Cash flows from operating activities						
Profit for the year before zakat	51,650,009	(30,925,237)	20,724,772	-		20,724,772
Adjustments for:						
Depreciation on right-of-use assets	382,794,821	123,966,965	506,761,786	-		506,761,786
Finance cost	138,074,097	29,682,756	167,756,853	-		167,756,853
	552,104,907	122,724,484	674,829,391	-		674,829,391
Changes in operating assets and liabilities:						
Aircraft related provisions	-	-	-	(83,513,759)		625,657,783
Net cash flows generated from operating activities	709,171,542	-	-	(83,513,759)		625,657,783
Cash flows from investing activities						
Acquisition of equipment and fixtures excluding pre- delivery payments	-	-	-	-	(108,322,429)	(108,322,429)
Pre-delivery payments made for aircraft	-	-	-	-	(417,750,000)	(417,750,000)
Refund of pre-delivery payments for aircraft	-	-	-	-	160,500,000	160,500,000
Net cash flows generated from (used in) investing activities	(234,860,273)	-	(234,860,273)	-	-	(234,860,273)
Cash flows used in financing activities						
Payment of lease liabilities	(360,049,430)	(93,041,728)	(453,091,158)	83,513,759		(369,577,399)
Finance cost paid	(129,381,460)	(29,682,756)	(159,064,216)			
Net cash flows used in financing activities	(489,430,890)	(122,724,484)	(612,155,374)	83,513,759		(528,641,615)
Net change in cash and cash equivalents	(137,844,105)	-	(137,844,105)	-		(137,844,105)
Cash and cash equivalents at beginning of the year	435,407,400	-	435,407,400	-		435,407,400
Cash and cash equivalents at end of the year	297,563,295	-	297,563,295	-		297,563,295

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Notes to the reissued financial statements for the year ended 31 December 2022G

All amounts are in Saudi Riyals unless otherwise stated)

37 Prior year adjustments and comparative information (continued)

37.4 Statement of cash flows for the year ended 31 December 2021G: (continued)

37.4.1 Statement of cash flows for the year ended 31 December 2022G:

	As per previously issued FS 2022G	Adjustment 1	Adjustment 3	Adjustment 4	As per Reissued FS 2022G
Cash flows from operating activities					
Profit for the year before zakat	270,717,492	(93,046,351)	-		177,671,141
Adjustments for:					
Gain on transfer of assets to the owners	(93,046,351)	93,046,351	-		-
Changes in operating assets and liabilities:					
Aircraft related provisions	-	-	(188,900,910)		(188,900,910)
Net cash flows generated from operating activities	711,154,514	-	(188,900,910)		522,253,604
Cash flows from investing activities					
Acquisition of equipment and fixtures excluding pre-delivery payments	-	-		(222,885,064)	(222,885,064)
Pre-delivery payments made for aircraft	-	-		(436,500,000)	(436,500,000)
Refund of pre-delivery payments for aircraft	-	-		545,625,000	545,625,000
Net cash flows generated from (used in) investing activities	17,675,291	-	-	-	17,675,291
Cash flows used in financing activities					
Payment of lease liabilities	(554,545,351)	-	188,900,910		(365,644,441)
Net cash flows used in financing activities	161,927,231	-	188,900,910		350,828,141
Net change in cash and cash equivalents	890,757,036	-	-		890,757,036
Cash and cash equivalents at beginning of the year	297,563,295	-	-		297,563,295
Cash and cash equivalents at end of the year	1,188,320,331	-	-		1,188,320,331

FLYNAS COMPANY

(A Single Person Joint Stock Company)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021G AND INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholder of Flynas Company

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Flynas Company (the "Company") as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e the Board of Directors are responsible for overseeing the Company's financial reporting process

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Independent auditor's report to the shareholder of Flynas Company (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 the 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559

14 June 2022

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
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PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
LICENSE NO 25
C.R. 1010371622

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FLYNAS COMPANY
(A Single Person Joint Stock Company)
Statement of financial position
As at December 31, 2021G
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at December 31, 2021G	As at December 31, 2020G
Assets			
Non-current assets			
Intangible asset	6	**2,000,000,000**	2,000,000,000
Equipment and fixtures	4	**1,014,520,939**	690,506,967
Right-of-use assets	5	**2,962,477,339**	1,758,367,834
Deposits for aircraft	9	**45,157,987**	43,594,229
Investment in associates	7	**18,000**	18,000
Total non-current assets		**6,022,174,265**	4,492,487,030
Current assets			
Stores and spares	8	**4,433,553**	6,408,607
Deposits for aircraft	9	**56,442,617**	82,840,362
Trade receivables	10	**104,543,451**	126,139,719
Prepayments and other current assets	11	**74,921,229**	98,573,313
Cash and cash equivalents	12	**297,563,295**	435,407,400
Total current assets		**537,904,145**	749,369,401
Total assets		**6,560,078,410**	5,241,856,431
Equity and liabilities			
Equity			
Share capital	13	**1,534,250,000**	1,534,250,000
Statutory reserve	14	**150,000**	150,000
Accumulated losses		**(815,670,592)**	(857,274,171)
Net equity		**718,729,408**	677,125,829
Liabilities			
Non-current liabilities			
Trade and other payables	15	**316,486,644**	268,932,681
Lease liabilities	16	**2,765,588,748**	1,490,942,626
Loans	18	**-**	219,201,478
Employees' end of service benefits liability	19	**198,584,220**	181,141,302
Total non-current liabilities		**3,280,659,612**	2,160,218,087
Current liabilities			
Trade and other payables	15	**1,736,345,657**	1,698,876,330
Lease liabilities	16	**333,001,069**	377,285,229
Loans – current portion	18	**297,888,967**	75,000,000
Contract liabilities	17	**193,453,697**	253,350,956
Total current liabilities		**2,560,689,390**	2,404,512,515
Total liabilities		**5,841,349,002**	4,564,730,602
Total equity and liabilities		**6,560,078,410**	5,241,856,431

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of profit or loss and other comprehensive income

For the year ended December 31, 2021G

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2021G	2020G
Revenue	21	**2,673,376,199**	1,733,523,675
Cost of revenue	22	**(2,394,416,429)**	(2,083,102,767)
Gross profit / (loss)		**278,959,770**	(349,579,092)
Selling and marketing expenses	23	**(103,168,096)**	(84,365,317)
General and administrative expenses	24	**(110,112,688)**	(102,451,705)
Provision for expected credit losses	10.2	**(42,774,206)**	(58,216,865)
Gain on sale of equipment and fixtures	4.2.1	**130,712,156**	99,520,004
Net foreign exchange loss		**(780,733)**	(1,803,430)
Other income / (expense)	27	**36,800,824**	(33,151,013)
Operating profit / (loss)		**189,637,027**	(530,047,418)
Finance income	25	**87,079**	1,569,348
Finance cost	26	**(138,074,097)**	(100,581,418)
Profit / (loss) before zakat		**51,650,009**	(629,059,488)
Zakat expense	20	**(872,016)**	-
Profit / (loss) for the year		**50,777,993**	(629,059,488)
Other comprehensive (loss) income			
Items that will not to be reclassified to statement of income in subsequent periods:			
Remeasurement (loss) gain on employees' end of service benefits liabilities	19.4	**(9,174,414)**	3,167,299
Total comprehensive income (loss) for the year		**41,603,579**	(625,892,189)

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY

(A Single Person Joint Stock Company)

Statement of changes in equity

For the year ended December 31, 2021G

(All amounts are in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Total
At January 1, 2020G	1,534,250,000	150,000	(231,381,982)	1,303,018,018
Loss for the year	-	-	(629,059,488)	(629,059,488)
Comprehensive income for the year	-	-	3,167,299	3,167,299
Total comprehensive loss for the year	-	-	(625,892,189)	(625,892,189)
At December 31, 2020G	1,534,250,000	150,000	(857,274,171)	677,125,829
At January 1, 2021G	**1,534,250,000**	**150,000**	**(857,274,171)**	**677,125,829**
Profit for the year	**-**	**-**	**50,777,993**	**50,777,993**
Comprehensive loss for the year	**-**	**-**	**(9,174,414)**	**(9,174,414)**
Total comprehensive income for the year	**-**	**-**	**41,603,579**	**41,603,579**
At December 31, 2021G	**1,534,250,000**	**150,000**	**(815,670,592)**	**718,729,408**

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Statement of cash flows
For the year ended December 31, 2021G
(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended December 31,	
		2021G	2020G
Cash flows from operating activities			
Profit / (loss) for the year before zakat		51,650,009	(629,059,488)
Adjustments for:			
Depreciation on equipment and fixtures	4	41,558,457	87,280,126
Depreciation on right-of-use assets	5	382,794,821	362,333,849
Provision for employees' end of service benefits liability	19.4	26,052,552	29,473,324
Finance income	25	(87,079)	(1,569,348)
Finance cost	26	138,074,097	93,787,517
Gain on disposal of equipment and fixtures		(130,712,156)	(99,520,004)
Provision for expected credit losses	10.2	42,774,206	58,216,865
		552,104,907	(99,057,159)
Changes in operating assets and liabilities			
Stores and spares		1,975,054	387,370
Deposits for aircraft		23,499,422	20,309,298
Trade receivables		(21,177,938)	18,643,357
Prepayments and other current assets		27,159,150	31,872,111
Trade and other payables		80,480,691	548,319,410
Contract liabilities		(59,897,259)	(21,455,290)
Employees' benefits paid	19.4	(17,784,048)	(17,767,619)
Finance income received		87,079	1,569,348
Net cash flows generated from operating activities		586,447,058	482,820,826
Cash flows used in investing activities			
Acquisition of equipment and fixtures	4	(365,572,429)	(315,972,986)
Proceeds from the sale of equipment and fixtures		130,712,156	112,189,217
Net cash flows used in investing activities		(234,860,273)	(203,783,769)
Cash flows used in financing activities			
Payment of lease liabilities	16	(360,049,430)	(469,215,966)
Proceeds from loan	18	-	300,000,000
Finance cost paid		(129,381,460)	(55,110,533)
Net cash flows used in financing activities		(489,430,890)	(224,326,499)
Net (decrease) increase in cash and cash equivalents		(137,844,105)	54,710,558
Cash and cash equivalents at the beginning of the year		435,407,400	380,696,842
Cash and cash equivalents at the end of the year	12	297,563,295	435,407,400

The accompanying notes 1 to 37 form an integral part of these financial statements.

FLYNAS COMPANY
(A Single Person Joint Stock Company)
Notes to the financial statements
For the year ended December 31, 2021G
(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Flynas Company – A Single Person Joint Stock Company (the "Company") was incorporated in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration No. 1010294138 dated 21 Ramadan 1431H (corresponding to 31 August 2010). The registered office is located 8018 Ar Rabi, Riyadh 13316-4040, KSA.

Pursuant to the Ministry of Commerce and Investment Resolution No. Q/161 dated 02 Jumada AlThani 1438H (corresponding to 1 March 2017), the Company has been converted from a Limited Liability Company to a A Single Person Joint Stock Company whereby, National Air Services – NAS Holding Company (the "Parent Company") owns 100% of the share capital of the Company.

The Company's licensed activities include purchase, sale and rent of aircraft and air transportation services for passengers and goods in addition to operating and managing of aircraft.

The Company performs its air transportation services, under the air operating certificate originally issued to the Parent Company by General Authority of Civil Aviation ("GACA") of KSA. During 2015, this air operating certificate was transferred by the Parent Company to the Company.

2 Significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in KSA and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (thereafter referred to as IFRS as endorsed in KSA) and in compliance with the provisions of Regulations for Companies and the Company's by-laws.

As at December 31, 2021G the Company's current liabilities exceeded its current assets by SAR 2,023 million (2020G: SAR 1,655 million). These events or conditions may cast significant doubt on the Company's ability to continue as a going concern. However, based on the following factors, management strongly believes that the Company will continue for the foreseeable future and accordingly, the accompanying financial statements have been prepared on a going concern basis:

- The Company's performance significantly improved from last year as the net profit for the year was SAR 50.8 million whereas last year there was a loss of SAR 629 million.

-The Company management has prepared a four-year business plan which includes a significant positive impact on the margins and profitability of the Company primarily due to increase in fleet size and introduction of new routes.

- The adjusted net current asset position as of December 31, 2021G was SAR 420 million and is considered to have positive effect on the overall liquidity position of the Company (Also note 30.2). Such adjusted net current asset position was computed after excluding the effects of the following:

a. contract liabilities of SAR 193 million - these mainly represent customer bookings, which are not expected to be repaid in normal course of business, but will be recorded as revenue when customers receive the services; and

b. Adjustment for a Murabaha facility agreement signed with the participating banks subsequent to year end amounting to SAR 2,250 million. Also see note 36.

- Subsequent to the year end, the shareholders' of the Parent Company have also signed a resolution to support the Group and the Company to continue as a going concern.

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Statement of compliance (continued)

The financial statements of the Company have been prepared on a historical cost basis, except for end of service benefits that have been measured at the present value of the related obligation using the Projected Unit Credit Method ("PUCM").

2.1.3 Basis of measurement

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

2.2 Summary of significant accounting policies

2.2.1 Classification of assets and liabilities to current and non-current

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents 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.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.2.2 Equipment and fixtures

Equipment and fixtures are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets, cost of replacing parts of the equipment and fixtures and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the statement of income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation is started when the asset is available for its intended use. Leasehold improvements are depreciated at the shorter of its useful life or the lease term. The useful life of the assets are mentioned in note 4.1.

If significant parts of an item of equipment and fixtures have different useful lives, then they are accounted for as separate items (major components) of equipment and fixtures and depreciated accordingly.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.2 Equipment and fixtures (continued)

An item of equipment and fixtures is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of equipment and fixtures are reviewed at each reporting period end and adjusted prospectively, if appropriate.

Capital work in progress (CWIP) is not depreciated and are stated at cost less accumulated impairment losses, if any. These assets are transferred to equipment and fixtures as and when assets are available for intended use.

The Company receives credits from manufacturers in connection with the maintenance of aircraft held under operating leases. These credits are set off against the cost of major overhaul expenditure capitalized.

2.2.3 Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of income 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 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 the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets' residual values, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income when the asset is derecognised.

2.2.4 Financial instruments

Recognition and initial measurement

Accounts receivable issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Accounts receivables without a significant financing component are initially measured at the transaction price.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.4 Financial instruments (continued)

2.2.4.1 Financial assets

Classification of financial assets

On initial recognition, a debt financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A debt financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

Financial assets held at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of income. Any gain or loss on derecognition is also recognised in the statement of income.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period in which the Company changes its business model for managing financial assets.

Derecognition

A financial asset is derecognised when:

The rights to receive cash flows from the asset have expired, or

The Company 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 Company has transferred substantially all the risks and rewards of the asset, or
b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Expected credit loss assessment for financial assets

The Company assesses on a forward-looking basis the Expected Credit Losses ("ECL") associated with its debt instruments as part of its financial assets, carried at amortised cost.

For trade receivables measured at amortised cost, the Company applies IFRS 9 simplified approach for measuring ECL from initial recognition. To measure ECL, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.4 Financial instruments (continued)

2.2.4.1 Financial assets (continued)

Expected credit loss assessment for financial assets (continued)

The financial assets, other than trade receivables, of the Company are categorized as follows:

1. Performing: these represent the financial assets where customers have a low risk of default and a strong capacity to meet contractual cash flows. Up to 30 days past due balances do not result in significant increase in credit risk and are considered as performing.
2. The Company measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.
3. Underperforming: these represent the financial assets where there is a significant increase in credit risk and that is presumed if the customer is more than 30 days past due in making a contractual payment.
4. The Company measures the loss allowance for underperforming financial assets at an amount equal to lifetime expected credit losses.
5. Non-performing: these represent defaulted financial assets. A default on a financial asset is considered when the customer fails to make a contractual payment/installment within 90 days after they fall due.

The Company measures the loss allowance for non-performing financial assets at an amount equal to lifetime expected credit losses.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

2.2.4.2 Financial liabilities

Classification of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Subsequent measurements

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the EIR method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.4 Financial instruments (continued)

2.2.4.2 Financial liabilities (continued)

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 statement of profit or loss.

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 Company could be required to repay.

2.2.4.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the 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.

2.2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in note 29 to these financial statements.

2.2.6 Stores and spares

Items of stores and spares are valued at invoice price and related expenses incurred up to the statement of financial position date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

2.2.7 Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash in hand, bank balances and time deposits with original maturities of three months or less.

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2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.8 Employees' benefits

Short-term employee benefits

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

Employee benefits are payable to all employees employed under the terms and conditions of the Labor Laws applicable on the Company on termination of their employment contracts.

Employees' end of service benefits

Employees' end of service benefits ("EOSB") are provided for in accordance with the requirements of the Saudi Arabian Labor Law. These employees' end of service benefits represent a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net EOSB liability recognised in the statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit obligation ("DBO") at the statement of financial position date. The DBO is calculated using the projected unit credit method. Re-measurement gains or losses, if any, are recognised and reported under the statement of changes in equity with corresponding debit or credit to Other Comprehensive Income ("OCI") that comprises of remeasurements of DBO.

2.2.9 Impairment of non-financial assets

The Company, at each reporting period, reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (where applicable) that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the statement of income.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.10 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The Company assess the services promised in a contract with a customer and identifies as a performance obligation either a:

a. service that is distinct, or

b. series of distinct services that are substantially the same and that have the same pattern of transfer to the customer (i.e., each distinct service is satisfied over the time and the same method is used to measure progress).

Variable consideration

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company is entitled in exchange for transferring the promised goods or services to a customer. The Company estimates the transaction price on contracts with variable consideration using the expected value or most likely amount method. The method is applied consistently throughout the contract and to similar types of contracts.

Significant financing component

The Company adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component.

Specific recognition criteria

Specific recognition criteria described below must also be met before revenue is recognised.

Base fare unutilized tickets

Revenue from air operator services is recognized when the performance obligation is satisfied i.e., when transportation is provided. Unused and unexpired tickets, after deduction of contractual charges, are shown as a liability under contract liabilities are recognised as revenue when these tickets are not expected to be exercised by the customer.

Ancillary services and change fee

Ancillary services and change fee are recorded when the existing performance obligation is satisfied i.e., when transportation is provided.

Travel vouchers

On issuance of promotional travel vouchers, the Company establishes a provision representing management's best estimate of benefits that will be provided to customers in the future. The provision is then reversed upon actual utilization of such vouchers.

Loyalty program

Revenue with respect to tickets issued with loyalty points is allocated between 'Base Fare' and 'Loyalty points' based on their respective standalone selling prices. Revenue recognized on operation of flight is restricted to value of adjusted standalone price of Base Fare. Revenue with respect to loyalty points is deferred and recognized upon actual utilization of points.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.10 Revenue recognition (continued)

Principal vs agent

The Company acts as a principal if it controls promised service before it transfers the service to a customer. In this case the Company recognises the revenue with the gross amount and charges the commission to the expense account. While acting as agent, the Company recognizes the net amount as revenue after commission paid to the principal.

Management fee for the aircraft

Revenue as management fee for the services provided to the customers is recognised over time as the benefits are received and consumed simultaneously by the customer upon the satisfaction of the performance obligation.

2.2.11 Contract liability

Contract liability mainly represents unutilised ticket rights of the customers and it will be recognised as revenue in the statement of income for periods subsequent to the reporting date when earned, or either are not expected to be exercised by the customer.

2.2.12 Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset (redelivery cost), less any lease incentives received.

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use are determined on the same basis as those of equipment and fixtures. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less and leases of low-value assets. The company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Sale and lease back transactions:

The Company regularly uses sale and leaseback transactions to finance the acquisition of aircraft. Each transaction is assessed as to whether it meets the criteria within IFRS 15 'Revenue from contracts with customers' for a sale to have occurred. If a sale has occurred, then the associated asset is de-recognised, and a ROU asset and lease liability is recognised. The ROU asset recognised is based on proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Any gains or losses are restricted to the amount that relates to the rights that have been transferred to the counter party to the transaction. Where a sale has not occurred, the asset is retained on the balance sheet within property, plant and equipment, and an asset financed liability recognised equal to the financing proceeds. Where new financing arrangements do not meet these recognition criteria due to the fact they are 'in substance purchases' and not leases, the related liability is recognised as an asset financed liability and the assets as an owned asset within Property, plant and equipment.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.13 Provisions

Provisions are recognised when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current 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 recognised as a finance cost in the statement of income. The present value of the expected cost of return condition of aircraft and engines held under operating leases is recognised over the lease term considering the existing fleet plan and long-term maintenance schedules.

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

An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company, to assess whether provision is required.

2.2.14 Zakat

National Air Services - NAS Holding (the Parent Company) files Zakat returns on a consolidated basis. Accordingly, the Company's zakat charge is initially estimated in accordance with the Zakat, Tax and Customs Authority ("ZATCA") regulations at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent company. Provision for zakat for the Company, if any, is charged to the statement of income and other comprehensive income. Additional amounts payable, if any, at the finalization of final assessments at the Parent Company level are accounted for when such amounts are determined.

The Company withholds taxes on certain transactions with non-resident parties in KSA as required under Saudi Arabian Income Tax Law.

2.2.15 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must transfer at least 10% of the net income in each year to the statutory reserve after absorption of accumulated losses, until it has built a reserve equal to 30% of the share capital. This reserve is not available for distribution to the shareholder of the Company.

2.2.16 Foreign currencies

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the financial statements date. All differences are recognised in the statement of income.

2.2.17 Operating profit /loss

Operating profit / loss is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit /loss excludes finance costs, finance income and other non-operating expenses.

2 Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

2.2.18 Maintenance and repairs

Maintenance and repair costs for leased aircraft is charged to Maintenance and other aircraft costs as incurred, with the exception of maintenance and repair costs related to return conditions on aircraft under lease, which are accrued over the term of the lease, and major maintenance expenditures on leased aircraft, which are capitalized.

2.2.19 Selling, distribution, general and administration expenses

Selling, distribution, general and administration expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between cost of providing services and selling, distribution, general and administration expenses, when required, are made on a consistent basis.

2.2.20 Interest income or expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using effective interest rate ("EIR") method. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in the statement of income.

3 Significant accounting judgments, estimates and assumptions

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

3.1.1 Determining the lease terms of the contracts

The Company 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 Company has several lease contracts that include extension and termination options. The Company 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.

3.1.2 Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue its business for the foreseeable future. Except as stated in note 2.1.1 of these financial statements, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

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3 Significant accounting judgments, estimates and assumptions (continued)

3.2 Assumption and estimation uncertainties

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Impairment of non-financial assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a. growth in earnings before interest, zakat, depreciation and amortization (EBITDA), calculated as adjusted operating profit before depreciation and amortization;
b. timing and quantum of future capital expenditure;
c. long term growth rates; and
d. selection of discount rates to reflect the risks involved.

Reasonable change in the key assumptions will not significantly affect the Company's impairment evaluation and hence results.

Other key estimates relating to indefinite lived assets (AoC Intangible) have been disclosed in point number (vi).

(ii) Employees' end of service benefits liability

The present value of the employees' end of service benefits liability is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Discount rate

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the rate of return on high-quality fixed income investments currently available and the expected period to maturity of the employees' end of service benefits liability.

Salary increases

Estimates of future salary increase, takes into account inflation, seniority, promotion, and past history.

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3 Significant accounting judgments, estimates and assumptions (continued)

3.2 Assumption and estimation uncertainties (continued)

(iii) Allowance for expected credit losses

Accounts and other receivables are stated at their amortized cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted appropriately for the macroeconomic factors and future expectations. Individual receivables are written off when management deems them not to be collectible.

(iv) Leases - Estimating the incremental borrowing rate

The application of IFRS 16 Leases requires assumptions and estimates in order to determine the value of the right-of-use assets and the lease liabilities which mainly relate to the implicit and incremental rates of borrowing, as applicable. Judgement must also be applied as to whether renewal options are reasonably certain of being exercised.

(v) Maintenance provisions

The recording of maintenance provisions related to return conditions on aircraft leases requires management to make estimates of the future costs associated with the maintenance events required under the lease return conditions at the time of lease expiry. These estimates take into account current costs of these maintenance events, estimates of inflation surrounding these costs as well as assumptions surrounding utilization of the related aircraft. The effect of any changes in estimates, including changes in discount rates, inflation assumptions, cost estimates or lease expiries, is recognized as an adjustment to the right-of-use asset and related lease liabilities.

(vi) Intangible assets related to AOC (Landing rights)

Useful life of AOC

AoC has a remaining legal useful life of three years but is renewable every 5 years with insignificant cost. The Company intends to renew the AoC continuously and evidence supports its ability to do so, based on its past experience.

An analysis of life cycle studies and market and competitive trends provides evidence that AoC will generate net cash inflows for an indefinite period. Therefore, AoC is carried at cost without amortisation, but is tested for impairment on an annual basis. See also note 6.

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4 Equipment and fixtures

	Note	2021G	2020G
Equipment and fixtures	4.2	**262,430,203**	228,175,785
Capital work in progress (CWIP)	4.3	**752,090,736**	462,331,182
		1,014,520,939	690,506,967

4.1 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Number of years
Aircraft	25 years
Aircraft equipment	3 to 5 years
Modification on leased aircraft and leasehold improvements	3 - 5 years or period of lease, whichever is shorter
Furniture and fixtures	3 - 4 years or period of lease, whichever is shorter

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4 Equipment and fixtures (continued)

4.2 Equipment and fixtures

	Note	Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at January 1, 2020G		146,652,586	14,495,511	3,891,791	165,039,888
Cost					
As at January 1, 2020G		426,269,983	48,975,843	14,749,060	489,994,886
Additions		1,159,395,360	-	1,504,417	1,160,899,777
Disposals	4.2.1	(1,124,864,674)	-	-	(1,124,864,674)
Transfers from CWIP	4.3	100,436,986	13,883,905	60,029	114,380,920
At December 31, 2020G		561,237,655	62,859,748	16,313,506	640,410,909
Accumulated depreciation					
As at January 1, 2020G		279,617,397	34,480,332	10,857,269	324,954,998
Charge for the year		77,725,857	7,198,700	2,355,569	87,280,126
At December 31, 2020G		357,343,254	41,679,032	13,212,838	412,235,124
Net book value as at December 31, 2020G		203,894,401	21,180,716	3,100,668	228,175,785
Cost					
As at January 1, 2021G		**561,237,655**	**62,859,748**	**16,313,506**	**640,410,909**
Additions		**1,791,404,881**	-	**1,330,874**	**1,792,735,755**
Disposals	4.2.1	**(1,793,004,488)**	-	**(164,650)**	**(1,793,169,138)**
Transfers from CWIP	4.3	**62,130,815**	**13,950,793**	-	**76,081,608**
At December 31, 2021G		**621,768,863**	**76,810,541**	**17,479,730**	**716,059,134**
Accumulated depreciation					
As at January 1, 2021G		**357,343,254**	**41,679,032**	**13,212,838**	**412,235,124**
Charge for the year		**33,414,782**	**6,008,758**	**2,134,917**	**41,558,457**
Disposals		-	-	**(164,650)**	**(164,650)**
At December 31, 2021G		**390,758,036**	**47,687,790**	**15,183,105**	**453,628,931**
Net book value as at December 31,2021G		**231,010,827**	**29,122,751**	**2,296,625**	**262,430,203**

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4 Equipment and fixtures (continued)

4.2 Equipment and fixtures (continued)

Depreciation expense breakup	2021G	2020G
Cost of revenue (note 22)	**39,423,540**	84,924,557
General and administrative expenses (note 24)	**2,134,917**	2,355,569
	41,558,457	87,280,126

4.2.1 Disposal

During the year, the Company has entered into sale and lease back transaction for its ten (2020G: six) aircraft which resulted in a cumulative gain of SAR 129.7 million (2020G: SAR 99.5 million) that was recognised in the statement of income and other comprehensive income.

4.3 Capital work in progress

Capital work in progress as at December 31, 2021G and 2020G consists of advances paid in respect of pre-delivery purchase of aircrafts amounting to SAR 703.2 million (2020G: SAR 449.1 million) and a spare engine amounting to SAR 46.3 million (2020G: SAR 7.6 million).

4.3.1 Movement in CWIP

	2021G	2020G
January 1,	**462,331,182**	297,035,622
Additions	**365,841,162**	279,676,480
Transfers to equipment and fixtures	**(76,081,608)**	(114,380,920)
December 31,	**752,090,736**	462,331,182

5 Right-of-use assets

The cost of right-of-use assets is depreciated over a straight-line method over the estimated useful life of the assets based on the period of the lease contracts.

	2021G	2020G
January 1,	**1,758,367,834**	1,007,525,095
Additions	**1,620,193,165**	1,129,484,549
Termination	**(33,288,839)**	(16,307,961)
Depreciation	**(382,794,821)**	(362,333,849)
December 31,	**2,962,477,339**	1,758,367,834

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5 Right-of-use assets (continued)

5.1 The right-of-use assets are segregated as below:

	Aircraft	Leasehold buildings	Vehicles	Engines	Total
As at January 1, 2020G	860,798,939	110,194,838	9,350,945	27,180,373	1,007,525,095
Additions	1,124,459,120	5,025,429	-	-	1,129,484,549
Termination	-	-	(3,034,540)	(13,273,421)	(16,307,961)
Depreciation	(298,675,822)	(43,434,670)	(6,316,405)	(13,906,952)	(362,333,849)
At December 31, 2020G	1,686,582,237	71,785,597	-	-	1,758,367,834

	Aircraft	Leasehold buildings	Vehicles	Engines	Total
As at January 1, 2021G	**1,686,582,237**	**71,785,597**	**-**	**-**	**1,758,367,834**
Additions	**1,589,193,772**	**30,999,393**	**-**	**-**	**1,620,193,165**
Termination	**-**	**(33,288,839)**	**-**	**-**	**(33,288,839)**
Depreciation	**(358,295,456)**	**(24,499,365)**	**-**	**-**	**(382,794,821)**
At December 31, 2021G	**2,917,480,553**	**44,996,786**	**-**	**-**	**2,962,477,339**

The Company conducted an impairment review in respect of right-of-use assets. Terminal growth rate and discount rate of 2% and 14.5% have been applied to the cash flows. A reasonably possible change in any of the key assumptions would not lead to an impairment charge.

6 Intangible assets

During 2015, pursuant to approval from the Parent Company's Board of Directors and its shareholders, the Parent Company transferred the Air Operator Certificate ("AOC") issued to it by GACA to the Company at its fair value of SAR 2,000 million, through non-cash consideration.

AOC is a certificate issued by GACA of KSA authorizing the Company to perform commercial air operations including airport access and landing rights (including access to slots) and Hajj and Umrah Operations. Management has assessed the useful life of AOC and concluded that it has indefinite useful life. (Also see judgement note on useful life of AoC).

Based on the annual impairment assessment, the management concluded that there is no impairment required as the fair value of AOC is more than the carrying value. The management appointed an external expert for impairment assessment. The details about valuation method are provided in note 6.1 below:

6.1 Valuation method

The Company has consistently applied fair value less cost of disposal approach to assess the impairment of AOC. The fair value was based on income approach i.e., "Green field method". This method is based on the assumption that a business commences its trade at the measurement date with only the asset in question and accordingly generates cash flows over its economic life.

The fair value measurement is categorised as a level 3 input in fair value hierarchy i.e., inputs to model are not based on observable market date.

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6 Intangible assets (continued)

6.1 Valuation method (continued)

Key assumptions used to determine the fair value is as follows:

Cashflow projections

For valuation purposes, 17 years cash flow projections were used and for the later period terminal value was based on earning multiple i.e., Gordon n Growth Model.

Discount rate

Discount rate is based on build up approach that is based on past experience and external sources, comprising of the following:

- The real yield on long term US Bonds (given the lack of default free government bonds in the region)
- Average long term KSA inflation premium based on long term inflation expectations
- The equity risk premium
- Country risk premium
- Average beta of aviation sector in the Emerging Markets
- Average gearing of aviation sector in the Emerging Markets
- Size and specific risk premium

While performing the valuation, the discount rate was estimated in the range of 14.5% to 15.5%.

Compound Annual Growth rate (CAGR) used to extrapolate cash flows beyond forecast period

This CAGR has been determined based on long term inflation forecast of Kingdom of Saudi Arabia and the terminal growth rate used was at 2%.

Sensitivity analysis as at 31 December 2021G

Given below is the impact of sensitivity analysis on the fair value of AoC due to standalone changes in key assumptions used in the valuation of AOC, considering all other assumptions are being constant:

	Chance in percentage by %	Impact on the fair value of AOC by SAR million
Increase in discount rate	1%	159
Decrease in passenger yield	5%	290
Decrease in load factor	5%	315

None of the above changes in discount rate, passenger yield and load factor will reduce the fair value of AoC to such an extent as to result in impairment charges.

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7 Investment in associates

Despite nominal investment of the Company in the below mentioned companies, they are considered to be associates as per the requirements of IAS - 28 "Investments in Associates and Joint Ventures" because the Company has significant influence over their financial and operating policies by virtue of common ownership and representation of the common directors on the board of the Parent Company. These investments are in equity shares of unlisted entities. Owing to the immateriality of these associates, share of results from the operations of these associates have not been considered in preparation of these financial statements. The carrying value of these investments approximates to their fair values. The principal place of business of these entities is in KSA.

Unquoted limited liability companies registered in KSA	Ownership %	2021G	2020G
Flynas Hajj & Umrah Company Limited	2%	**6,000**	6,000
NAS Private Aviation Company Limited	2%	**6,000**	6,000
NAS Aircraft Technical Services Company Limited	2%	**6,000**	6,000
		18,000	18,000

8 Stores and spares

	Note	2021G	2020G
Stores and spares		**12,817,553**	15,179,977
Less: Provision for obsolescence	8.1	**(8,384,000)**	(8,771,370)
		4,433,553	6,408,607

8.1 Movement in provision for obsolescence

	2021G	2020G
January 1,	**8,771,370**	8,384,000
Provision during the year	**-**	387,370
Utilised during the year	**(387,370)**	-
December 31,	**8,384,000**	8,771,370

9 Deposits for aircraft

	2021G	2020G
Non-current portion	**45,157,987**	43,594,229
Current portion	**56,442,617**	82,840,362
	101,600,604	126,434,591

Deposits for aircraft represent the deposits paid to leasing companies as security to cover the lease rentals and maintenance obligations as per lease agreements.

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10 Trade receivables

	Note	2021G	2020G
Third-party customers	10.1	**146,762,769**	141,785,382
Related parties	31.3	**120,246,667**	104,046,116
		267,009,436	245,831,498
Allowance for expected credit losses	10.2	**(162,465,985)**	(119,691,779)
		104,543,451	126,139,719

Trade receivables are non-interest bearing and are generally on terms of 15 to 90 days.

10.1 This includes a receivable from GACA amounting to SAR 32.32 million (2020G: SAR 58.78 million). This pertains to the agreement between GACA and the Company effective 1 November 2016, whereby GACA will reimburse certain operational expenses incurred by the Company for operating flights from Abha airport to certain agreed destinations within the Kingdom of Saudi Arabia.

10.2 Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2021G	2020G
January 1,	**119,691,779**	61,474,914
Provision for expected credit losses	**42,774,206**	58,216,865
December 31,	**162,465,985**	119,691,779

11 Prepayments and other current assets

	Note	2021G	2020G
Progress payments for aircraft maintenance expenditure		**15,563,914**	51,617,989
Deposits to vendors	11.1	**49,124,530**	24,051,325
Advances to suppliers		**4,189,013**	9,094,615
Prepayments		**3,500,605**	4,836,266
Contract assets		**-**	2,405,682
Other receivables		**2,543,167**	6,567,436
		74,921,229	98,573,313

11.1 The balance represents security deposits paid to vendors mainly for fuel, civil aviation authorities and handling agents.

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12 Cash and cash equivalents

	2021G	2020G
Cash in hand	**991,311**	955,351
Cash at banks	**296,571,984**	109,452,049
	297,563,295	110,407,400
Time deposit (maturity of less than three months at the time of placement)	**-**	325,000,000
	297,563,295	435,407,400

13 Share capital

As at December 31, 2021G and 2020G, the authorized, issued and fully paid share capital of the Company consists of 153,425,000 shares of SAR 10 each.

14 Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-laws, the Company is required to transfer 10% of the net income for the year, after absorption of any accumulated losses, to a statutory reserve until it equals to 30% of its share capital. The reserve is currently not available for distribution to the shareholder of the Company. No transfer has been made during the current year due to accumulated losses of the Company.

15 Trade and other payables

	Note	2021G	2020G
Trade payables		**1,242,483,737**	1,294,837,994
Accrued expenses		**399,549,302**	309,901,481
Passenger taxes payable		**152,173,976**	132,402,803
Taxes payable		**39,847,756**	39,635,166
Due to related parties	31.3	**7,257,610**	802,714
Other		**211,519,920**	190,228,853
		2,052,832,301	1,967,809,011
Non-current portion	15.1	**(316,486,644)**	(268,932,681)
Current portion		**1,736,345,657**	1,698,876,330

15.1 During 2019G, the Company submitted a repayment plan to GACA and requested to reschedule amounts payable to GACA over five years period with commitment to settle any new invoices as and when it becomes due. GACA has accepted the repayment plan of the Company which was approved by the Ministry of Finance during 2021G.

Starting 2019G such non-current liabilities arising from arrangements have been remeasured at their present value in the financial statements.

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16 Lease liabilities

	2021G	2020G
At the beginning of the year	**1,868,227,855**	1,121,562,463
Additions	**1,601,412,140**	1,158,229,443
Termination	**(34,203,517)**	(18,154,611)
Finance cost (note 26)	**126,851,958**	75,806,526
Payments	**(463,698,619)**	(469,215,966)
	3,098,589,817	1,868,227,855

16.1 Lease liabilities are segregated as below:

	2021G	2020G
Current portion	**333,001,069**	377,285,229
Non-current portion	**2,765,588,748**	1,490,942,626
	3,098,589,817	1,868,227,855

Lease liabilities include SAR 315.6 million (2020G: SAR 216.9 million) in relation to the re-delivery and fixed maintenance cost.

Expense relating to short-term leases during the year 2021G amounted to SAR 23,202,769 (2020G: SAR 77,109,015) (note 22).

17 Contract liabilities

	Note	2021G	2020G
Unutilized tickets	17.1	**164,353,299**	226,998,327
Customer loyalty points	17.2	**16,622,781**	16,491,603
Advances from customers	17.3	**12,477,617**	9,861,026
		193,453,697	253,350,956
Revenue recognized during the year that was included in the contract liability balance at the beginning of the year		**163,321,823**	234,035,310

17.1 Revenue deferred during the year was SAR 2,432,912,573 (2020G: SAR 1,488,391,740) and revenue recognised during the year amounted to SAR 2,495,557,601 (2020G: SAR 1,518,726,009).

Unutilized tickets include Credit shells (travel voucher) which have an expiry of one year from date of issuance. Breakage may occur if customers do not redeem their unutilized credit shells prior to expiry and would be recognised in revenue. As at 31 December 2021G, the Company has recorded in the full liability for unexpired credit shells because in the backdrop of Covid-19 and the significant level of flights cancellation there are no sufficient historical data available to reliably estimate the amount of expired credit shells that will not be used prior to expiry. Applying a breakage at 20% on the credit shells would result in a SAR 8 million reduction to such liability.

17.2 Customer loyalty points redeemed during the year was SAR 537,755 (2020G: SAR 129,458) and points earned and sold during the year was SAR 406,577 (2020G: SAR 761,509). Customer loyalty points have two years expiration. The management of the Company believes that any breakage estimate related to such points is not material.

17.3 All other remaining performance obligations, if any, are expected to be recognised within one year.

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18 Loans

During 2020G, the Company obtained a commission free loan of SAR 300 million from Saudi Industrial Development Fund (SIDF), repayable in 4 semi-annual installments of SAR 75 million each starting due from 15 September 2021G spreading over to until 18 February 2023G.

During 2021G, the Company had a verbal agreement with SIDF to reschedule the payments due by one year and as such no payment was carried out for the installment due in 2021G. Since no written acknowledgment was received from SIDF as at 31 December 2021G, the entire outstanding loan amount has been reclassified as a current liability.

19 Employees' end of service benefits

19.1 Actuarial valuation

The most recent actuarial valuation was performed as of December 31, 2021G by an independent actuary.

19.2 Principal actuarial assumptions

	2021G	2020G
Salary increase rate	**5.00%**	5.0%
Discount rate	**3%**	3.5%

The actuarial valuation was conducted using Projected Unit Credit method.

19.3 Employees' end of service benefits expense

	2021G	2020G
Current service cost	**19,570,283**	23,456,744
Interest cost on benefit liabilities	**6,482,269**	6,016,580
Total benefit expense	**26,052,552**	29,473,324

19.4 Movement of present value of employees' end of service benefits liability

	Note	2021G	2020G
January 1,		**181,141,302**	172,602,896
Charge for the year	19.3	**26,052,552**	29,473,324
Benefits paid		**(17,784,048)**	(17,767,619)
Remeasurement gain (loss) on employees' end of service benefits liabilities		**9,174,414**	(3,167,299)
December 31,		**198,584,220**	181,141,302

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19 Employees' end of service benefits (continued)

19.5 Employees' end of service benefits liability sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' end of service benefits liability as at December 31, 2021G and December 31, 2020G is shown below:

Assumptions	Salary increase rate		Discount rate	
Sensitivity level	1%	1%	0.5%	0.5%
	Increase	Decrease	Increase	Decrease
December 31, 2021G	**205,375**	**186,472**	**189,656**	**197,278**
December 31, 2020G	183,988	167,552	171,338	179,762

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the employees' end of service benefits liability as a result of reasonable changes in key assumptions occurring as at December 31, 2021G and December 31, 2020G. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in DBO as it is unlikely that changes in assumptions would occur in isolation of one another.

The weighted average duration of the end of service benefits plan obligation as at December 31, 2021G is 4.61 years (2020G: 4.62 years). The expected maturity analysis is as follows (in thousands):

	Less than one year	1-2 years	3-5 years	Over 5 years	Total
December 31, 2021G	**28,059**	**30,363**	**56,357**	**157,562**	**272,341**

20 Zakat

Charge for the year and status of assessments

Filing as part of the Parent Company:

From the year 2013, zakat returns are filed on a consolidated basis by the Parent Company. Accordingly, the Company's zakat charge for the year is initially calculated at the Parent Company level (on a consolidated basis) and then allocated to the Company by the Parent Company, if any. During the year, no amount (2020G: Nil) was allocated to the Company by the Parent Company in relation to the zakat charge of the Company for the current year because the management believes that such impact is not material for the year ended December 31, 2021G.

Individual filing:

ZATCA raised initial assessments for the year ended and up to December 31, 2011. The assessment for 2012 has not yet been raised by ZATCA.

21 Revenue

	Note	2021G	2020G
Scheduled	21.1	**2,505,123,025**	1,520,398,193
Unscheduled		**2,938,114**	16,923,525
General aviation		**165,315,060**	196,201,957
		2,673,376,199	1,733,523,675

- Scheduled: relates to the main operation of passenger commercial flights that includes such as base fare, airport, fuel, admin surcharge and other ancillary revenue such as excess baggage, inflight meals, seat selection charges etc.

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21 Revenue (continued)

- Unscheduled: the Company operates special flights for Hajj and Umrah passengers under service level agreement with Flynas Hajj and Umrah and other parties.
- General aviation: related to operations of charter flights under contract with parties, the contracts are based on trips or flying hours basis.

21.1 Geographical revenue analysis for scheduled passenger revenue

	2021G	2020G
International	**1,057,187,864**	552,404,279
Domestic	**1,403,441,613**	952,058,663
Other	**44,493,548**	15,935,251
	2,505,123,025	1,520,398,193

21.2 Performance obligations

The Company provides certain promises that are considered as a performance obligation. Key obligations in a customer contract are:

Provision of transportation service

Base Fare is charged to the customer for air transportation services provided by the Company to its passengers. Company mainly sells its tickets through its website and through Agents ('Passenger Sale Agent', 'PSA'). Currently, the Company recognizes base fare revenue when the performance obligation is satisfied i.e. flight has actually flown.

Provision of ancillary services such as catering meals, excess baggage and other fee

Ancillary Services Revenue consists of miscellaneous services provided by the Company to its customers (e.g. seat selection fee, baggage fee, infant fee, processing fee, meal fee, cancellation fee and change fee).

These services are provided along with the normal transportation service as an integrated service. The performance obligation is satisfied when the flight has flown.

The above obligations were considered to be integrated and hence delivery of services was considered a single performance obligation as:

- The customer could not benefit from the individual service on its own or together with other resources readily available;
- Although the promise to transfer the services was separately identifiable in the contract;

  a. The Company only provided such services in integration;

  b. The services significantly impacted and thus altered other promised services;

  c. The customer could not purchase only some of the services while omitting others.

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22 Cost of revenue

	Note	2021G	2020G
Fuel costs		**502,340,255**	308,455,176
Landing, handling, and en-route charges		**566,822,745**	379,847,065
Salaries and related costs		**457,662,555**	376,972,506
Maintenance and other aircraft costs		**309,272,079**	350,417,995
Depreciation on right-of-use assets	5	**382,794,821**	362,333,849
Depreciation on equipment and fixtures	4	**39,423,540**	84,924,557
Rental expense	16	**23,202,769**	77,109,015
Commission and reservation systems expenses		**39,912,681**	39,808,576
Others	22.1	**72,984,984**	103,234,028
		2,394,416,429	2,083,102,767

22.1 Others primarily include insurance charges, utilities, and tax related charges.

23 Selling and marketing expenses

	2021G	2020G
Salaries and related expenses	**49,649,287**	41,117,306
Business development and promotion expenses	**13,579,235**	15,075,065
Collection charges	**26,353,874**	14,441,946
Customer service-related expenses	**6,326,247**	7,083,923
Professional fees	**1,957,416**	2,258,125
Others	**5,302,037**	4,388,952
	103,168,096	84,365,317

24 General and administrative expenses

	Note	2021G	2020G
Salaries and related expenses		**67,371,167**	47,027,719
Professional fees		**30,839,192**	39,627,610
Penalties		**1,218,941**	5,876,540
Depreciation on equipment and fixtures	4	**2,134,917**	2,355,569
Others		**8,548,471**	7,564,267
		110,112,688	102,451,705

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25 Finance income

	2021G	2020G
Interest income on deposits with banks	**87,079**	1,569,348
	87,079	1,569,348

26 Finance cost

	Note	2021G	2020G
Interest on lease liabilities	16	**126,851,958**	75,806,526
Bank guarantee and commitment fee		**2,529,502**	9,025,704
Imputed interest on deposits		**1,334,565**	100,303
Interest on SIDF loan	18	**3,687,489**	995,379
Imputed interest on Long-term payables	15.1	**3,670,583**	14,390,132
Others		**-**	263,374
		138,074,097	100,581,418

27 Other income / (expense)

	2021G	2020G
VAT charges	**36,800,824**	(39,944,914)
Gain from loan	**-**	6,793,901
	36,800,824	(33,151,013)

VAT charges was presented under General and administrative expenses in the prior year 2020G and is now disaggregated separately on the face of the statement of income and comprehensive income as other income (expense) in the current year.

28 Contingencies and Commitments

28.1 Commitments

The Company has entered into contracts with the aircraft manufacturer for the purchase of certain aircraft. The remaining value of this contract is SAR 11,986 million (2020G: SAR 13,834 million) excluding pre-delivery payments carried out as at the balance sheet date.

As at December 31, 2021G, the Company has deposited SAR 692 million (2020G: SAR 436 million) with the manufacturer as part of initial deposits and advances.

28.2 Contingencies

As at December 31, 2021G, the Company has outstanding letters of credits and bank guarantees amounting to SAR 298 million (2020G: SAR 298 million).

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29 Financial instruments

Fair value measurement of financial instruments

Financial instruments comprise of financial assets and financial liabilities. All the financial assets and financial liabilities are carried at amortised cost.

Financial assets comprise of the following:

Financial statements line item	Note	IFRS 9 classification
Trade receivables and other receivables (Refer 29.1)	29.1	Amortised cost
Cash and cash equivalents (Refer 29.1)	29.1	Amortised cost
Deposits for aircraft	29.2	Amortised cost

Financial liabilities comprise of the following:

Financial statements line item		IFRS 9 classification
Trade and other payables	29.1	Amortised cost
Lease liabilities	-	Amortised cost
Loans	29.3	Amortised cost

29.1 The management assessed that fair value of its financial instruments approximate their carrying amounts, largely due to the short-term maturities of these instruments, hence they are classified under level 3.

29.2 The fair value of the Company's long term security deposits for leases is SAR 45.15 million (2020G: SAR 43.59 million) and are determined by applying the discounted cash flows method using discount rate that reflects the rate of return as at the end of the reporting period.

29.3 The fair value of the loan from SIDF is SAR 297.9 million (2020G: SAR 294.2 million) and has been determined by applying the discounted cash flows method using discount rate that reflects the current rate of interest as at the end of the reporting period.

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30 Risk management of financial instruments

Risk management framework

The Company's principal financial liabilities comprise of loan from SIDF, lease liabilities and trade and other payables while principal financial assets include trade and other receivable, deposits and cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

The Company has exposure to the following risks arising from its financial instruments:

- Credit risk
- Liquidity risk
- Market rate risk

30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed by the management as follows:

	Note	2021G	2020G
Cash at bank	12	**296,571,984**	434,452,049
Trade receivables	10	**104,543,451**	126,139,719
Deposits for vendors	11	**49,124,530**	24,051,325
Deposit for aircraft	9	**101,600,604**	126,434,591
Contract assets	11	**-**	2,405,682
Other receivable	11	**2,543,167**	6,567,436
		554,383,736	720,050,802

The carrying amount of the above financial assets represent the maximum credit exposure.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Cash at bank

Credit risk on bank balances is limited as cash balances are held with banks having sound credit ratings as below:

	Rating				
Banks	Short term	Long term	Rating Agency	2021G	2020G
Saudi British Bank – Bank balance	P-1	A-1	Moody's	**224,206,941**	40,026,667
Saudi British Bank – Time deposit	P-1	A-1	Moody's	**-**	325,000,000
Alinma Bank – Bank balance	BBB	BBB	Fitch	**1,011,482**	1,139,559
National Commercial Bank	P-1	A-1	Moody's	**40,744,954**	15,051,202
Others				**30,608,607**	53,234,621
				296,571,984	434,452,049

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Receivable of the Company is primarily concentrated in balances due from GACA (12% of gross trade receivable) and related parties (45% of Gross trade receivable) which has been disclosed in note 10.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

In monitoring customer credit risk, customers are segmented according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The receivable balances are monitored with the result that the Company's exposure to expected credit loss is not significant.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables which uses a lifetime expected loss allowance for all financial assets measured at amortised cost and contract assets.

The expected loss rates are based on the payment profiles of trade receivables over a period of 36 months before each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified GDP of KSA (the country in which it renders the services) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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30 Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Inputs into measurement of ECL

On that basis, the loss allowance as at December 31, 2021G and December 31, 2020G were determined as follows for trade and other receivables:

	December 31, 2021G			December 31, 2020G		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	**43,785,414**	**15%**	**6,712,223**	46,305,676	5.1%	2,346,858
Days past due						
1-90 days	**16,400,948**	**39%**	**6,363,781**	19,529,952	14.7%	2,874,204
91-180 days	**9,265,433**	**64%**	**5,945,060**	11,883,574	26.5%	3,143,798
180-270 days	**13,589,907**	**70%**	**9,489,265**	15,352,340	38.3%	5,874,121
270-360 days	**8,725,677**	**82%**	**7,148,075**	24,953,678	70.8%	17,672,668
360-720 days	**53,489,983**	**86%**	**46,001,385**	63,766,236	45.6%	29,050,527
+720 days	**121,752,074**	**90% - 100%**	**80,806,196**	64,040,042	85.8%- 100%	58,729,603
	267,009,436		**162,465,985**	245,831,498		119,691,779

Impairment losses on trade receivables, if any, are presented as provision for expected credit losses within operating profit / loss. Subsequent recoveries of amounts previously written off, if any, are credited against the same line item.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Deposit for aircrafts

Deposit for aircraft is within lessor that have sound external credit ratings. The management believes that the ECL impact on such deposits is not material because the outstanding lease liabilities position held with such lessors are significantly higher than the respective deposits for such aircraft and there is no historical precedence of default on such deposits.

Deposits for vendor

Historically no default in relation to these deposits and the management believes that the impact of applying ECL on outstanding balance of deposit and other receivable is not material.

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30 Risk management of financial instruments (continued)

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation (Also refer note 2 about the management analysis of liquidity risk and financial support from the shareholder).

The table below summarises the undiscounted maturities of the Company's financial liabilities based on contractual payment dates.

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2021G				
Trade and other payables	1,741,006,656	323,546,371	-	2,064,553,027
Lease liabilities	425,493,553	1,439,405,967	2,012,211,274	3,877,110,794
Loans	300,000,000	-	-	300,000,000
	2,466,500,209	1,762,952,338	2,012,211,274	6,241,663,821

	Up to 1 year	1 to 4 years	More than 4 years	Total
As at December 31, 2020G				
Trade and other payables	1,707,707,808	301,898,122	-	2,009,605,930
Lease liabilities	377,285,229	988,718,318	1,046,847,206	2,412,850,753
Loans	75,000,000	225,000,000	-	300,000,000
	2,159,993,037	1,515,616,440	1,046,847,206	4,722,456,683

Net debt reconciliation:				
	Cash and cash equivalents	Loans	Lease liabilities	Total
Net debt at January 1, 2020G	380,696,842	-	1,121,562,463	1,502,259,305
Non-cash transactions	-	(5,798,522)	1,215,881,358	1,210,082,836
Net cash flows	54,710,558	300,000,000	(469,215,966)	(114,505,408)
Net debt at December 31, 2020G	435,407,400	294,201,478	1,868,227,855	2,597,836,733
Net debt at January 1, 2021G	435,407,400	294,201,478	1,868,227,855	2,597,836,733
Non-cash transactions	-	3,687,489	1,566,811,766	1,570,499,255
Net cash flows	(137,844,105)	-	(336,095,002)	(473,939,107)
Net debt at December 31, 2021G	297,563,295	297,888,967	3,098,944,619	3,694,396,881

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30 Risk management of financial instruments (continued)

30.3 Market rate risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters. While optimizing the return. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company uses foreign currencies, mainly US Dollar and Euro. The Company is not exposed to significant currency risk as the Saudi Riyal is pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

Interest rate risk

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company does not have interest-bearing liabilities, such as bank borrowings, which are subject to re-pricing. Further, management monitors the changes in interest rates and believes that the interest rate risks to the Company are not significant.

Price risk

The Company is exposed to fuel price risk. The Company's fuel price risk management strategy aims to provide the airline with protection against sudden and significant increases in oil prices while ensuring that the airline is not competitively disadvantaged in a serious way in the event of substantial fall in the price of fuel.

The following table demonstrates the sensitivity of statement of income to a reasonably possible change in fuel prices, with all other variables held constant.

	Effect on total comprehensive income for the year ended	
	2021G	2020G
Increase / (decrease) in fuel prices		
+5%	**(25,117,013)**	(15,422,759)
-5%	**25,117,013**	15,422,759

30.4 Business and operational risk

The Company's operations, cash flows and financial condition could be negatively affected due to the following:

- if employees are quarantined as the result of exposure to Novel Coronavirus (COVID 19), this could result in disruption of operations and impact on economic activity
- similarly, travel restrictions or operational issues resulting from the rapid spread of COVID 19 in parts of the world in which the Company has significant operations may have a material adverse effect on the Company's' business and results of operations.

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30 Risk management of financial instruments (continued)

30.5 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a proper capital ratio in order to support its business and maximise shareholder's value. The Company is currently financed by equity and working capital.

The Company manages its capital structure and makes adjustment to it, considering changes in business and economic conditions or to respond to any financial covenants, if any. To maintain or adjust the capital structure, the Company may return capital to shareholder or issue new shares. No changes were made in the objectives, policies or process during the year ended December 31, 2021G and 2020G. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. During 2021G, the company strategy, which was unchanged from 2020G, was to maintain a gearing ratio within 65% to 80%. The gearing ratios at 31 December 2021G and 2020G were as follows:

	2021G	2020G
Trade and other payables	**2,052,832,301**	1,967,809,011
Contract liabilities	**193,453,697**	253,350,956
Loan	**297,888,967**	294,201,478
Less: cash and bank balances	**(297,563,295)**	(435,407,400)
Net debt	**2,246,611,670**	2,079,954,045
Shareholder's equity	**718,729,408**	677,125,829
Total capital	**2,965,341,078**	2,757,079,874
Gearing ratio	**76%**	75%

31 Related parties

Related parties represent the shareholder and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

31.1 Transactions and balances with Key Management Personnel

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

	2021G	2020G
Transactions		
Short-term employee benefits	**30,947,395**	24,522,787
Retirement benefits	**2,250,039**	2,416,510
	33,197,434	26,939,297

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

During the normal course of its operations, the Company had the following significant transactions with related parties during the year ended 31 December 2021G and 2020G along with their balances. These transactions were entered into on mutually agreed terms.

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31 Related parties (cOntinued)

31.2 Related party transactions:

Related party	Nature of transactions	2021G	2020G
Associate	Revenue – General aviation	55,047,227	71,533,407
An entity under common control	Revenue	35,946,347	43,168,740
An entity under common control	Cost of services	4,133,232	2,825,133

31.3 Related party balances:

	Note	Relationship	2021G	2020G
Amounts due from related parties				
Trade receivables	10			
NAS Private Aviation Company Limited - NAS Jet		Associate	-	13,120,281
KalAir International Limited		An entity under common control	45,353,357	35,953,377
KalAir Limited		An entity under common control	54,943,412	36,252,390
Kingdom Holding Company		Shareholder of the Parent	199,575	207,062
Others		An entity under common control	19,750,323	18,513,006
Total amount due from related parties			120,246,667	104,046,116
Amounts due to related parties				
Trade and other payables	15			
NAS Private Aviation Company Limited - NAS Jet			7,257,610	-
Others		An entity under common control	-	802,714
			7,257,610	802,714

The due from related parties includes SAR 115.2 million which is past due for more than 90 days and the Company has recognized SAR 90.8 million ECL provision against those balances. As at 31 December 2021G, the provision against related parties balances amounted to SAR 93.2 million (2020G: SAR 62.6 million). All such balances are unsecured.

31.4 The Parent and its subsidiaries referred to as "NAS Group", includes:

- National Air Services – NAS Holding Company
- Flynas Company
- Flynas Hajj & Umrah Company Limited
- NAS Aircraft Technical Services Company Limited (NAS Tech)
- NAS Private Aviation Company Limited (NAS Jet)

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32 Dividend

There was no dividend approved during the current or prior year.

33 New and amended standards and interpretations

33.1 New and amended standards and interpretations, issued, and adopted

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021G:

- COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020G and effective for annual periods beginning on or after 1 June 2020G, and
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020G and effective for annual periods beginning on or after 1 January 2021G).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

33.2 New and amended standards and interpretations, issued but is not yet effective

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021G or later, and which the Company has not early adopted. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020G and effective for annual periods beginning on or after 1 January 2023G).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020G and effective for annual periods beginning on or after 1 January 2022G).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020G and effective for annual periods beginning on or after 1 January 2023G).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020G – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020G and effective for annual periods beginning on or after 1 January 2022G).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021G and effective for annual periods beginning on or after 1 January 2023G).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021G and effective for annual periods beginning on or after 1 January 2023G).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021G and effective for annual periods beginning on or after 1 April 2021G).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021G and effective for annual periods beginning on or after 1 January 2023G).

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34 Impact of COVID-19 on operations and financial statements

During March 2020G, the World Health Organisation ("WHO") declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including KSA. Governments all over the world took steps to contain the spread of virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines, and enforced country wide lockdown and curfews.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities, the management is assessing the impact on its current and future operational activities and has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families.

The full impact of COVID-19 remains uncertain and will be determined by factors that continue to evolve, including but not limited to the success of support measures introduced by the government. The results for the year ended December 31, 2021G and the business outlook for the full year ending December 31, 2022G are and expected to be significantly impacted by associated risks and uncertainties.

35 Climate change impact

In preparing the financial statements, the Company has considered the impact of climate change, particularly in the context of the Kingdom's stated target of net zero carbon emissions by 2060. These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

The Company operates a fleet of modern and efficient Airbus A320-family Aircraft (New Engine Option technology). The "neo"-type aircraft (both A320 and A321 variants), are Airbus' new generation of narrow-body aircraft, replacing the "ceo"-type (Current Engine Option) variants of the same model. Equipped with CFM International's LEAP-1A engines, these new generation aircraft have at least a 15% proven fuel-burn efficiency over their previous generation aircraft and a 50% lower noise footprint during take-off and landing. The management strongly believes that this will have a positive impact in reducing carbon footprint of the Company.

36 Subsequent events

During 2021G, the Company started negotiating with the bank for a borrowing facility. On 16 February 2022G, the Company signed a Master Murabaha Agreement with participating banks through a participating agent amounting to SAR 2,250 million. Accordingly, the first drawdown request was completed on 28 February 2022G amounting to SAR 843.75 million. The first installment is payable after 12-months grace period in 36 equal monthly installments. The Company has pledged and assigned to the security agent its IATA Billing and Settlement Plan (BSP) Receivables under which the Company directs and authorizes IATA to pay the BSP Receivables to the account of the security agent. The loan carries a markup margin of 2.25% plus one-month SAIBOR rate.

37 Date of authorization

These financial statements were authorized for issue on 6 June 2022G by the Board of Directors of the Company.

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