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LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope

We have been engaged by Saudi Ground Services Company (the “Company”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia, here after referred to as the engagement, on the Company’s compliance with the requirements of Article (71) of the Companies’ Law (the “Subject Matter”) contained in the Company’s attached notification (Appendix A) which is presented by the Company’s Board of Directors to the Ordinary General Assembly on the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them dated 31 March 2024.

Criteria Applied by the Company

In preparing the Subject Matter the Company applied the below criteria (the “Criteria”). Such Criteria were specifically designed for the notification presented by the Company’s Board of Directors to the Ordinary General Assembly (Appendix A). As a result, the subject matter information may not be suitable for another purpose.

- Article (71) of the Companies’ Law issued by the Ministry of Commerce.
- Notification presented by the Company’s Board of Directors to the Ordinary General Assembly (Appendix A) dated 31 March 2024.
- Declarations submitted by some of the Company’s Board of Directors’ members regarding the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them dated 31 March 2024.

Management Responsibilities

The Company’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Our Responsibilities (continued)

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“ISAE 3000”) endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 26 March 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject matter and related information and applying analytical and other appropriate procedures.



**LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF
SAUDI GROUND SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Description of Procedures Performed (continued)

Our procedures included:

- Obtained the notification presented the by the Company's Board of Directors to the Ordinary General Assembly (Appendix A), regarding the transactions and contracts entered into by the Company in which some of the Board of Directors' members directly or indirectly with the Company dated 31 March 2024.
- Obtained the declarations from some of the Company's Board of Directors' members for the transactions and contracts done with the Company's in which some members of the Company's Board of Directors have a direct personal interest in them dated 31 March 2024.

We also performed such other procedures as we considered necessary in the circumstances.

Other Matter

The attached notification (Appendix A) is stamped by us for identification purposes only.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

for Ernst & Young Professional Services

Abdulaziz S. Alarifi

Certified Public Accountant
License No. (572)

Jeddah: 07 Shawwal 1445H
16 April 2024G



التاريخ : 1445-10-09 هـ

الموافق : 2024-04-18 م

Dear/ Shareholders of the Saudi Ground Services Company
Greetings,

السادة/مساهمي الشركة السعودية للخدمات الأرضية
حفظهم الله
السلام عليكم ورحمة الله وبركاته.

**Subject: Notification from the Board of Directors to the
General Assembly Meeting regarding the transactions with
related parties**

**الموضوع: تبليغ من مجلس الإدارة إلى الجمعية العامة للمساهمين حول
تعاملات الأطراف ذات العلاقة**

With reference to article (71) of the Companies law, we would like to inform you that during the fiscal year 2023, the Saudi ground services has entered into a number of business transactions and contracts in which some of the Board members have interest (whether direct or indirect) as per the attached report. Such contracts and transactions were executed in accordance to the relevant regulations and with preferences conditions.

بالإشارة إلى المادة (71) من نظام الشركات نود إبلاغكم بأنه خلال العام المالي 2023م. قامت الشركة السعودية للخدمات الأرضية بالدخول في عقود و معاملات تجارية كان لبعض أعضاء مجلس الإدارة مصلحة فيها (بطريقة مباشرة أو غير مباشرة) وذلك وفقاً للتقرير المرفق والتي تم التعامل معها في ضوء الأنظمة ذات العلاقة وبدون شروط تفضيلية .

The contracts and transactions were also disclosed in the Annual Board Report for the year 2023 as per legal requirements noting that the company in such transactions follows the same terms and commercial principles followed with third parties, without any preference.

كما تم الإفصاح عنها في التقرير السنوي لمجلس الإدارة للعام 2023م، حسب المتطلبات النظامية علماً بأن الشركة في مثل هذه التعاملات تتبع نفس الشروط والأسس التجارية المتبعة مع الغير ودون أي تفضيل.


In this regard, the Board recommends to the General Assembly approving the continuation of these transactions as per the details included in the attached agenda items of the General Assembly Meeting.

وهذا الخصوص، فقد تضمن جدول أعمال جمعيتكم الموقرة توصية من مجلس الإدارة بالموافقة على إستمرار هذه التعاملات والعقود وفقاً للمعلومات الواردة في بنود جدول أعمال الجمعية.

Also, as per the relevant regulations, we have requested the company's External Auditor to issue a report on those transactions to be presented to the Shareholders General Assembly which is attached along with the agenda of the AGM.

ولقد طلبنا وفقاً للنظام تقريراً خاصاً من قبل مراجع حسابات الشركة الخارجي حول هذه المعاملات لعرضه على جمعيتكم الموقرة والمرفق في جدول أعمال الجمعية.

وتقبلوا منا وافر التحية والتقدير،،

Board of Directors Approval	موافقة أعضاء مجلس الإدارة
 Mrs. Ghada AL Jarbou Board Member	 Mr. Mansour A. Al Bosaily Board Member
 Mr. Nasser AlQawas Board Member	 Mr. Nader Ashoor Board Member
 Mr. Per Utnegaard Board Member	 Mr. Said AL Hadrami Board Member
 Dr. Omar A. Jefri Vice-Chairman	 Capt. Fahd H. Cynndy Board Member
 Eng. Khalid Q. Al Buainain Chairman	

	Related party	Type of relationship with the company	Type of contracts and business	Term	Transactions Amount (SAR)	Terms of business or contract	Member name
1	Saudia Airlines Air Transport Company	It is owned by the Saudia Airlines by 100% and is a founding shareholder in the company by 52.5%	Services provided	Five years (three years with an option to renew for another two years)	1,003,430,184	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudia Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
2	Saudia Aerospace Engineering Industries Company (Saudia Technic)	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year agreement and annually renewed	33,946,750	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
3	Catrion Catering Holding Company	Owned to Saudi Arabian Airlines Corporation by 35.7%.	Services provided	One year, automatically and annually renewed	3,313,138	Same terms and standards adopted with third parties without preferential terms.	It is 35.7% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
4	Saudia Private Aviation	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year, automatically and annually renewed	13,633,472	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
5	Saudia Royal Fleet	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year, automatically and annually renewed	33,196,728	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
6	Flyadel Airline	It is 100% owned by the Saudia	Services provided	Three years	208,238,883	The same terms and standards as with	It is 100% owned by the Saudi Arabian Airline

		Airlines and is a founding shareholder in the company.				others without any preferences.	and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
7	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Services provided	Unfixed term transactions	8,037,823	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain
8	TLD Arabia Equipment Services	50% ownership of Saudi Ground Services	Services provided	Unfixed term transactions	529,886	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
9	SAL Saudi Logistics Services Company	It is 49% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	Three years	14,453,029	The same terms and standards as with others without any preferences.	It is 70% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
10	Jusoor Airport Services Company	51% ownership of Saudi Ground Services	Invoices on behalf of related party	Unfixed term transactions	56,095,572	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
11	Jusoor Airport Services Company	51% ownership of Saudi Ground Services	Expenses incurred on behalf of related party	Unfixed term transactions	24,544,045	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
12	Catrion Catering Holding Company	Owned to Saudi Arabian Airlines Corporation by 35.7%.	Services received	Seven years, automatically and annually renewed	49,132,362	The same terms and standards as with others without any preferences.	It is 35.7% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
13	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Services received	Transactions that are not specified for a period of time	10,208,100	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain
14	Bupa Arabia for Cooperative Insurance Co. SJSC	Common Key Management Personnel	Services received	One year agreement	103,323,951	Same terms and standards adopted with third parties without preferential terms.	Mr. Nader Ashoor
15	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Invoices on behalf of related party	Transactions that are not specified for a period of time	53,315,622	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain

16	Saudi Airlines Cargo Company	Owned to Saudi Arabian Airlines Corporation by 70%.	Services received	Unfixed term transactions	683,845	Same terms and standards adopted with third parties without preferential terms.	It is 70% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
17	TLD Arabia Equipment Services	50% ownership of Saudi Ground Services	Equipment maintenance	As per contract	136,907,150	Same terms and standards adopted with third parties without preferential terms.	Joint Venture