flynas
طيران ناس

Board Report 2025

Contents

About the report

The Board of Directors is the ultimate governing body of the Company and is elected by the Ordinary General Assembly in accordance with the Company's Bylaws. Without prejudice to the Capital Markets Law, Companies Law, applicable regulations, the Bylaws, and the Corporate Governance Policy of the Company, the Board determines its duties and assumes responsibility for providing direction, guidance, and leadership on strategy, operations, and business expansion within the Kingdom of Saudi Arabia and internationally. The Board also assesses opportunities, challenges, risks, and associated mitigating measures.

The Board of Directors acknowledges its responsibility for the preparation of this Report and confirms that, to the best of its knowledge, the information contained herein presents a fair overview of the Company's performance for the reporting period. The Board approved this Report on 30 March 2026.

This Report covers the period from 1 January 2025 to 31 December 2025. Unless otherwise stated, all information relates to this reporting period.

The reporting boundary covers flynas Company ("flynas" or "the Company"). Financial information is presented on a consolidated basis.

As a company listed on the Saudi Exchange (Tadawul), the Company's reporting is prepared in accordance with applicable requirements of the Capital Market Authority (CMA). Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

About flynas

Vision

To be the leading low-cost airline in the Middle East and North Africa for short and medium-haul flights.

Mission

To provide a seamless and memorable travel experience at the best prices, through a modern aircraft fleet, innovative services, and a growing network of destinations that connect the Kingdom to the world.

flynas is a Saudi Arabian low-cost airline listed on the Main Market of the Saudi Exchange (Tadawul) under the ticker 4264, following its initial public offering (IPO) and listing in June 2025. Established in 2007 and incorporated as flynas Company in 2010, flynas is currently a leading low-cost airline and the largest independent airline in the Kingdom in terms of both revenue and passenger traffic.

flynas operates through three distinct operating segments: flynas LCC (low-cost carrier), flynas Hajj, and flynas General Aviation. These segments constitute the core of the Company's service offering and provide the framework for internal performance assessment and resource allocation decisions.

- The LCC segment comprises the Company's core scheduled passenger services, operated under a low-cost model and covering both domestic and international routes based on a pre-published schedule. The Company predominantly operates narrow-body aircraft in this segment.
- The Hajj segment primarily involves non-scheduled flights serving religious pilgrims traveling to the Kingdom. The operations are concentrated during seasonal peaks and are generally supported by short-term wet lease agreements for wide-body aircraft, reflecting the cyclical nature of the business.
- The General Aviation segment provides services to aircraft management clients, including crew provisioning, maintenance support, and charter flight operations.

The Company's strategy is aligned with expected long-term growth in the Kingdom and its ambition to become the leading low-cost airline in the MENA region. Its competitive position is supported by its scale as the largest independent LCC in Saudi Arabia, a focused network with established positions on strategic routes, access to religious traffic into the Kingdom, an efficient operating and capital deployment model, differentiated products, and an experienced management team. Innovation and sustainability remain integral to the business model.

During the year, the Company completed its IPO, with shares priced, allocated, and subsequently listed on the Saudi Exchange on 18 June 2025. This milestone represents a significant evolution in the Company's capital structure, governance, and reporting framework, positioning flynas for its next phase of growth as a publicly listed entity.

flynas operates in line with three core pillars: operational excellence, disciplined growth, and customer focus, underpinned by collaboration, responsibility, accountability, and continuous development. In 2025, flynas was named the Best Low-Cost Airline in the Middle East for the eighth time, having previously received the award each year from 2017 to 2024 (with the exception of 2020). The Company was also ranked among the top 10 low-cost airlines worldwide by Skytrax, a leading global aviation benchmarking organization. flynas has also received repeated industry recognition, including the World Travel Awards' Middle East's Leading Low-Cost Airline title for eleven consecutive years from 2015 to 2025, and a 4-star low-cost carrier classification from APEX, the highest category awarded to low-cost airlines globally.

Chairman's statement

The successful listing of flynas on the Saudi Exchange reflects investor confidence in the Company's long-term strategy, resilience, and growth potential.

Ayed Thawab Manea Allah Aljeaid

On behalf of the Board of Directors, I am pleased to present the Board Report of flynas Company for the financial year ended 31 December 2025.

The year 2025 was a defining milestone in the Company's development with the successful listing of flynas on the Saudi Exchange. This reinforces our capital base and reflects investor confidence in the Company's long-term strategy, resilience, and growth potential.

Operating conditions during the year were shaped by supply constraints and evolving market dynamics across the aviation sector. Against this backdrop, flynas expanded to 12 new destinations across 9 countries while maintaining positive underlying earnings momentum.

Revenue for the year reached ⃁ 7.8 Bn., with adjusted EBITDA increasing to ⃁ 2.5 Bn. and adjusted net profit reaching a historic record of ⃁ 556 Mn. Reported results showed a net loss, driven by one-off IPO-related costs, while the underlying performance of the business remained robust.

Another important development during the year was the strengthening of the Company's financial position following the IPO. The capital raise resulted in a substantial increase in equity and a marked improvement in the Company's balance sheet structure. Liquidity levels rose, with cash and cash equivalents of approximately ⃁ 4.1 Bn., net debt declined, and leverage improved. This positions the Company to fund growth, navigate market variability, and pursue opportunities as they arise.

The Board's focus remains on maintaining a resilient financial foundation, with careful oversight of capital allocation and balance sheet strength as the Company enters its next phase.

As a newly listed company, the Board has continued to strengthen its governance and oversight practices in line with the requirements of a public market environment. This includes a heightened focus on risk management, internal controls, and the quality of disclosures, ensuring the Company meets regulatory expectations and maintains a high standard of accountability to its shareholders.

The Board also recognizes the importance of responsible growth as the Company expands. Environmental and social considerations are increasingly incorporated into decision-making in line with the broader direction of the aviation sector and the objectives of Saudi Arabia's Vision 2030.

Looking ahead, the Company enters 2026 from a stronger financial and institutional footing following its listing. The Board remains confident in flynas' ability to deliver quality growth in line with its vision and mission.

On behalf of the Board, I extend our sincere appreciation to our shareholders for their ongoing trust and support. I would also like to express my appreciation to the management team and employees for their dedication and contribution during a defining year for the Company.

CEO's message

Our ambition is to make flynas the leading low-cost airline in the region, connecting Saudi Arabia to the world through disciplined growth, operational excellence, and long-term value creation.

Bander Abdulrahman Almohanna

2025 was a year of disciplined execution and strategic progress for flynas, reinforcing its position as a leading low-cost carrier in the region. This progress was also evident in our successful listing on the Saudi Exchange, which has established flynas as a publicly listed company and provides a stronger platform for future growth.

During the year, we expanded our network with a focus on key travel segments, including leisure, business, and religious travel. Passenger numbers rose to 15.8 million, an increase of 7%, while capacity grew by 11%. The fleet expanded to 71 aircraft, enabling us to operate across 156 routes and 80 destinations in 38 countries. Operating conditions remained complex, however, with supply constraints and evolving demand patterns influencing capacity, costs, and network deployment across the sector.

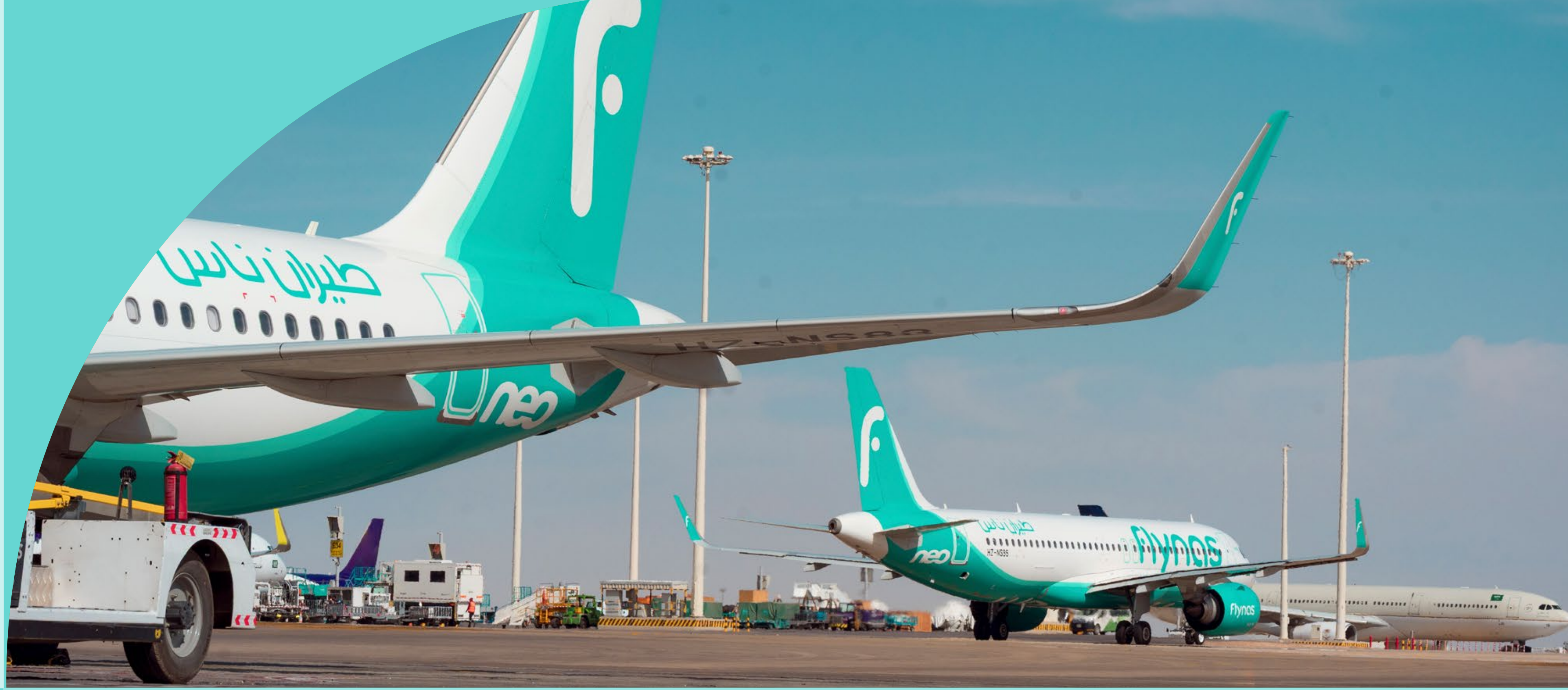
Financially, the Company delivered a solid underlying performance. Revenue reached ⃁ 7.8 Bn., driven by higher passenger volumes and network expansion, partially offset by lower unit revenues across parts of the network. Adjusted EBITDA increased by 15% to ⃁ 2.5 Bn., with margins improving to 32.1%. Adjusted net profit rose by 28% to ⃁ 556 Mn. While statutory results indicated a net loss for the year, primarily driven by IPO-related costs and share-based payment expenses, our fundamentals – profitability and cash generation – remained strong.

Alongside our expansion, we emphasized operational efficiency and cost control, ensuring that growth was supported by effective execution. We also further invested in our digital platforms to improve booking channels, customer engagement, and operational processes, while maintaining service levels across a growing and more complex network.

In early 2026, recent regional developments have led to temporary airspace restrictions affecting parts of the network. We have adjusted operations as required, prioritizing safety, minimizing disruption to passengers, and ensuring continuity of service. The situation remains subject to change, and we are monitoring developments closely.

Looking ahead, we will expand our fleet and network while maintaining a focus on operational efficiency and financial performance. At the same time, we are evolving our capital structure, including a more balanced approach to fleet financing, to allow for greater financial flexibility as the business grows. The Company remains well placed to benefit from continued growth in demand for air travel across the Kingdom and the wider region, supported by increasing tourism flows and broader economic development. Our focus remains on sustaining growth, maintaining cost efficiency, and delivering long-term value for our shareholders.

I would like to express my appreciation to our Board of Directors for their guidance, our shareholders for their trust, and our employees for their commitment and professionalism, which have all been integral to the Company's progress.



Business and financial review

FY 2025 adjusted* net profit increased 28% YoY to SAR 556 Mn., with net margin expanding to 7.1%, despite operational and demand headwinds.

Adjusted* EBITDA rose 15% YoY to SAR 2.5 Bn. for FY 2025, with margin improving to 32.1%, reflecting operating scale and continued cost discipline.

Passenger traffic grew 7% YoY to 15.8 million in FY 2025, ASKs increased by 11%, driven mainly by international expansion and capacity deployment across key markets.

Fleet expanded to 71 aircraft by year-end, including eight A320neos delivered during the year, and five wet-leased aircraft added to support network growth and mitigate supply chain constraints.

In FY 2025, flynas introduced 25 new routes and 12 destinations across 9 countries, focusing on wider network coverage and expanding international presence.

Net debt-to-adjusted EBITDA improved to 1.3x, supported by a stronger funding profile and improved operating cash flow.

Cash and cash equivalents stood at SAR 4.1 Bn., reflecting a healthy liquidity position.

*Adjusted indicators exclude employee share option plan expense and IPO-related fees.

Financial and operational performance

flynas delivered a resilient operational and financial performance in FY 2025, supported by fleet expansion, growing passenger volumes, and disciplined execution. The airline carried 15.8 million passengers during the year (+7% YoY), operating a 71-aircraft fleet across 156 routes and 80 destinations in 38 countries, with continued expansion into new markets, including Eastern Europe, the Middle East, and Africa.

In 2025, total revenue increased by 4% to ⃁ 7.84 Bn. LCC revenue grew 4% to ⃁ 7,086 Mn., supported by route expansion and a larger operating footprint. Hajj segment revenue was broadly stable at ⃁ 584 Mn., while General Aviation revenue declined 6% year-on-year to ⃁ 174 Mn., contributing 2% of total revenue. The LCC segment remained the primary contributor to revenue during the year. The expansion in LCC was mainly driven by higher passenger volumes, network expansion, and increased capacity deployment, particularly in international markets. Capacity growth, including higher available seat kilometers (ASK), supported traffic expansion, while yield pressures and network mix effects contributed to a modest decline in unit revenue.

Cost of revenue increased to ⃁ 6.36 Bn., broadly in line with revenue growth. Fuel and handling charges remained relatively stable year-on-year, declining by 1% each, as volume-driven increases were offset by a moderation in fuel prices and the benefits of renegotiated contracts with key service providers. Staff costs rose 6% to ⃁ 918 Mn., while maintenance costs increased 9% to ⃁ 468 Mn. Depreciation rose 29% to ⃁ 1,454 Mn., primarily driven by the growth of the A320neo fleet and associated lease additions. Other operating costs showed mixed trends. Rental costs rose due to the expanded use of wet-leased aircraft during the year. Distribution costs declined slightly, reflecting a shift in the sales mix towards channels with lower distribution costs. As a result, gross profit remained stable at ⃁ 1.48 Bn., with a slight compression in margins.

Selling and marketing expenses for FY 2025 rose 12% year-on-year to ⃁ 281 Mn., driven by increased sponsorships and promotional activity related to new route launches and seasonal demand-stimulation initiatives.

General and administrative expenses declined 11% year-on-year to ⃁ 229 Mn. in FY 2025, driven by lower professional fees and normalization of performance-related personnel costs compared to FY 2024, which had included a higher level of bonus expense, alongside ongoing cost control initiatives.

One-off IPO-related costs totaled ⃁ 1,083 Mn., including an Employee Share Option Plan (ESOP) charge of ⃁ 982 Mn. and ⃁ 101 Mn. in IPO expenses. The ESOP payment and charge were fully funded by pre-IPO shareholders and offset by the ESOP reserve, and had no impact on retained earnings, net equity, or the Company's underlying operational and sustainable financial performance. The ESOP charge reflects the accounting recognition of incentive awards under IFRS 2. This non-recurring item is excluded from adjusted performance metrics and does not impact net cash flow, net equity, or operational performance.

Sale-and-leaseback gains totaled ⃁ 76 Mn. in FY 2025, down from ⃁ 131 Mn. in the prior year. The reduction reflects a deliberate strategic shift initiated in 2025, whereby flynas began financing a portion of its aircraft directly, as part of its long-term strategy to enhance unit cost efficiency. This marks the implementation of a more balanced fleet-funding model, combining owned and leased aircraft, and is expected to enhance long-term capital efficiency and support structural cost per available seat kilometer (CASK) improvement.

Finance income increased 57% to ⃁ 164 Mn., supported by higher average cash balances, reflecting improved cash generation and more active treasury management.

Finance costs declined 9% to ⃁ 628 Mn., mainly due to fewer new leased aircraft additions during the year, combined with the natural decline in interest expense on existing lease liabilities as they reduce over time.

Adjusted EBITDA increased 15% to ⃁ 2.5 Bn., with the margin rising 3.2 percentage points to 32.1%, reflecting stronger operating leverage across the year. Adjusted net profit grew 28% to ⃁ 556 Mn., with margin increasing to 7.1%.

Statement of profit/loss (⃁ Mn.)

Year	Revenue	Operating profit/(loss)	Adjusted* net profit
2025	7,844	(27)	556
2024	7,556	1,045	434
2023	6,362	869	401
2022	4,809	443	172
2021	2,673	188	199

Year	Cost of revenue	Net profit/(loss)	RASK (halalas)
2025	(6,361)	(527)	24.9
2024	(6,088)	434	26.4
2023	(5,456)	401	25.5
2022	(4,213)	172	26.8
2021	(2,396)	199	25.8

Year	Gross profit	Adjusted* EBITDA	Adjusted* CASK (halalas)
2025	1,483	2,514	23.3
2024	1,469	2,178	24.9
2023	906	1,660	24.5
2022	596	1,096	26.0
2021	278	737	24.6

Margins (%)

Year	Gross profit margin	Adjusted EBITDA margin	Adjusted net profit margin
2025	18.9	32.1	7.1
2024	19.4	28.8	5.7
2023	14.2	26.1	6.3
2022	12.4	22.8	3.6
2021	10.4	27.6	0.7

Segmental revenue (⃁ Mn.)

Year	Total revenue	General aviation
2025	7,844	174
2024	7,556	185
2023	6,362	182
2022	4,809	169
2021	2,673	165

Year	LCC	Hajj & Umrah
2025	7,086	584
2024	6,784	587
2023	5,406	774
2022	4,354	286
2021	2,505	3

*Adjusted indicators exclude employee share option plan expense and IPO-related fees.

Operationally, flynas expanded its scale in 2025, carrying 15.8 million passengers, a 7% year-on-year increase, supported by a fleet of 71 aircraft, including the addition of new-generation aircraft and the use of wet-leased capacity to mitigate temporary supply constraints. The Company operated a network of 156 routes serving 80 destinations across 38 countries, with continued expansion into new markets in Eastern Europe and Africa.

Key operating indicators – flynas LCC

Passenger traffic (million)	
2025	15.8
2024	14.7
2023	11.2
2022	8.7
2021	4.6

Fleet size	
2025	71
2024	59
2023	54
2022	43
2021	33

Load factor (%)	
2025	83.2
2024	85.6
2023	79.5
2022	75.2
2021	59.0

ASK (million)	
2025	28,078
2024	25,306
2023	20,774
2022	15,886
2021	9,467

Geographical distribution of revenue – flynas LCC

flynas passenger revenue is primarily derived from two market categories: domestic flights within Saudi Arabia, which support connectivity within the Kingdom, and international flights across the Middle East, North Africa, Asia, and other markets, which contribute to traffic flows associated with tourism, business travel, and religious travel.

In 2025, revenue growth was driven by increased international capacity and expansion into new markets, with the Company operating across 38 countries. International passenger revenue accounted for the larger share of passenger flight revenue, increasing to ⃁ 4.41 Bn. from ⃁ 3.90 Bn. in 2024. Expansion during the year included entry into new international markets, notably in Eastern Europe and Africa, including Russia, Kosovo, Uganda, and Djibouti, alongside the launch of additional routes across existing markets. Domestic passenger revenue amounted to ⃁ 2.63 Bn, compared with ⃁ 2.61 Bn. in the previous year. This revenue profile reflects the continued importance of the Company's international network to revenue generation, alongside a substantial domestic business within the Kingdom.

Geographical revenue analysis – flynas LCC (⃁ Mn.)

International	
2025	4,405
2024	3,898
2023	3,064
2022	2,505
2021	1,057

Other	
2025	52
2024	37
2023	41
2022	33
2021	44

Domestic	
2025	2,629
2024	2,613
2023	2,094
2022	1,817
2021	1,403

Total	
2025	7,086
2024	6,548
2023	5,199
2022	4,355
2021	2,505

(Further information on segmental and geographical revenue analysis is available in Note 22 of the Financial Statements.)

Financial position

The year was marked by a significant change in the Company's capital structure following the successful completion of flynas' initial public offering and listing on the Saudi Exchange in June. The offering increased share capital to ⃁ 1.71 Bn. and generated significant share premium, raising total equity to ⃁ 3.55 Bn.

As of 31 December 2025, flynas reported total assets of ⃁ 17.2 Bn., representing a 27% increase from year-end 2024. The expansion was led by a 2.3x rise in current assets to ⃁ 4.9 Bn., supported by an increase in cash and bank deposits to ⃁ 4.2 Bn., following the inflow of IPO proceeds, additional financing, and stronger operating cash flows. Non-current assets rose 8% to ⃁ 12.3 Bn., reflecting continued investment in fleet expansion.

Total liabilities increased 15% year-on-year to ⃁ 13.7 Bn., driven by a 32% rise in current liabilities and a 9% increase in non-current liabilities. The increase was primarily attributable to a 3.5x increase in bank debt to ⃁ 1.5 Bn., related to fleet expansion and drawdowns under the Murabaha facility.

Despite a 20% year-on-year increase in total debt to ⃁ 7.5 Bn., flynas maintained a strong liquidity position, reducing net debt by 27% to ⃁ 3.3 Bn. This led to an improvement in net debt-to-adjusted EBITDA to 1.3x from 2.1x at year-end 2024, reflecting balance sheet strength and enhanced financial headroom.

flynas also strengthened its liquidity position during the year, with cash and cash equivalents increasing to ⃁ 4.14 Bn. from ⃁ 1.70 Bn. in 2024, supported by IPO proceeds and operating cash flows of approximately ⃁ 1.43 Bn.

The Company's capital structure comprises a combination of lease obligations, borrowings, and equity, consistent with its operating model. During the year, flynas initiated a shift in its fleet financing approach toward a more balanced mix of owned and leased aircraft, reducing reliance on sale-and-leaseback structures and supporting improved long-term capital efficiency.

Statement of financial position (⃁ Mn.)

	Total assets	Cash and cash equivalents
2025	17,223	4,143
2024	13,530	1,700
2023	12,865	1,450
2022	9,648	1,188
2021	7,431	298

	Total liabilities	Net debt
2025	13,673	3,331
2024	11,887	4,538
2023	11,639	4,863
2022	8,809	3,677
2021	6,754	3,378

	Total equity	Net debt/EBITDA (x)
2025	3,550	1.3
2024	1,643	2.1
2023	1,226	2.9
2022	839	3.1
2021	677	N/A

Outlook

Looking ahead, the Company's strategic focus remains on scaling operations through fleet and network expansion, maintaining cost efficiency and margin discipline, and strengthening flynas' presence in key domestic and international markets. These priorities are aligned with identified growth opportunities in tourism, religious travel, and infrastructure development.

Further, as of the issuance of this report, temporary airspace restrictions in parts of the Middle East, imposed by several civil aviation authorities following security developments, have led to some flight disruptions, including cancellations, rerouting, delays, and schedule adjustments by airlines, including Saudi carriers. In light of these measures, the Company's regional operations have been impacted on certain routes, and the situation remains uncertain. The potential financial impact, if any, cannot be reliably estimated at the date of issuance of this report.

Additional financial information

- **Loans** Total outstanding loans amounted to ⃁ 1.48 Bn. as at 31 December 2025, compared with ⃁ 425.2 Mn. in 2024. This increase reflected additional drawdown under the existing Murabaha facility and aircraft financing arranged for the purpose of new aircraft acquisitions. The Company repaid ⃁ 502 Mn. relating to Murabaha facilities and ⃁ 62.2 Mn. relating to the Saudi Industrial Development Fund. Further details of the Company's financing arrangements, including drawdowns, maturities, collateral, and covenant compliance, are set out in Note 19 of the Financial Statements.
- **Transferable debt instruments and contractual securities:** The Company did not issue or grant any transferable debt instruments, contractual securities, subscription rights, or similar rights during the year.
- **Transfer or subscription rights under debt instruments:** The Company did not grant or transfer any subscription rights or similar rights under transferable debt instruments or contractual securities during the year.
- **Redemption, purchase, or cancellation of debt instruments:** The Company did not undertake any redemption, purchase, or cancellation of redeemable debt instruments during the year, and there were no outstanding securities requiring disclosure.

Principal risks

The Company has established a structured governance framework to support effective oversight, accountability, and risk management, under the supervision of the Board of Directors and its committees.

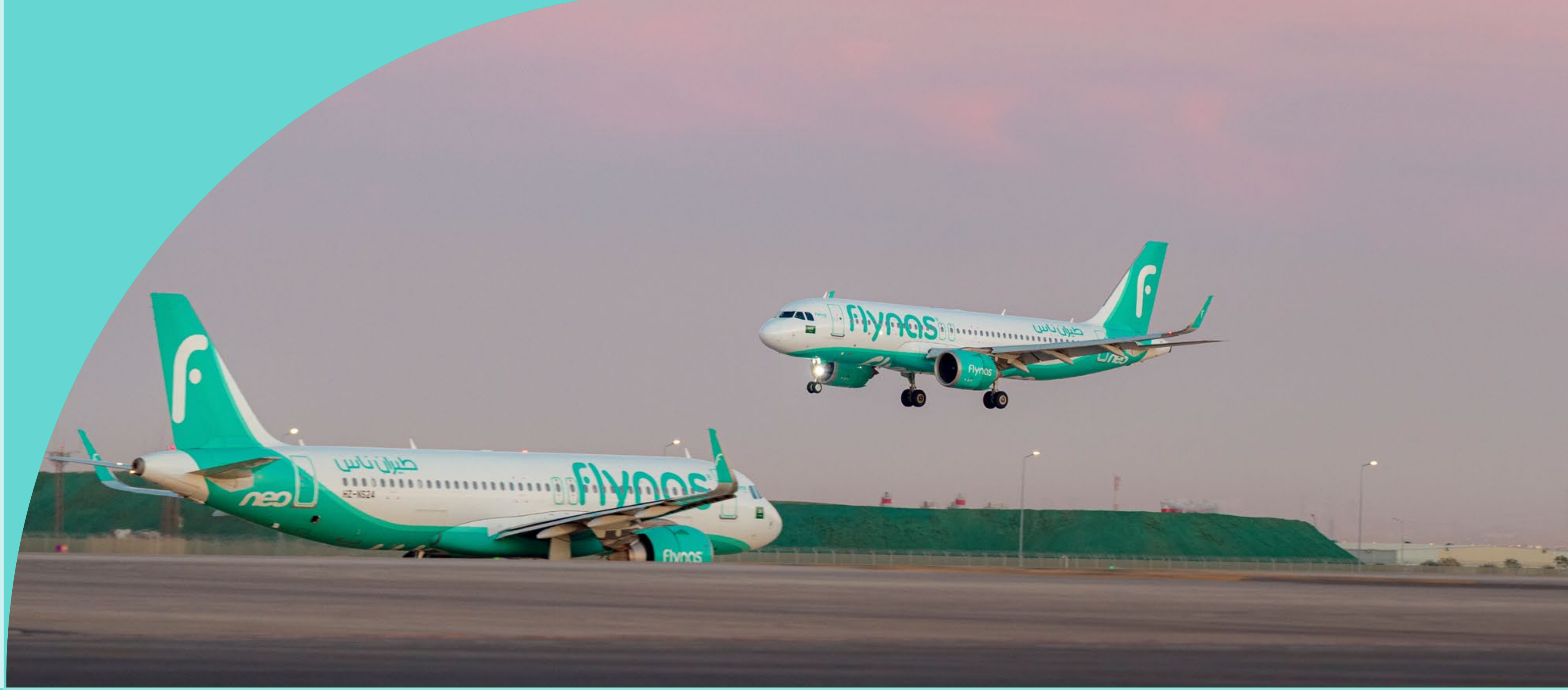
The Executive Management is responsible for the identification, assessment, and management of risks within their respective areas of responsibility. The Governance, Risk and Compliance Department (GRC) function provides independent oversight by establishing policies and frameworks, monitoring adherence, reporting on risk exposures and control matters, while promoting mitigation strategies, enhancing risk awareness, and ensuring alignment with the Company's defined risk appetite.

The Company maintains an effective committee structure comprising the Executive Committee, the Audit Committee, and the Nomination and Remuneration Committee, each of which reports to the Board and operates under approved charters with clearly defined roles and responsibilities to support the Board in fulfilling its duties.

The following table summarizes the principal risks that faced the Company, their potential impact and the key measures in place to manage and monitor these risks in 2025. While these risks are reviewed within the Company's governance framework, certain external developments remain inherently difficult to predict or control.

Principal risk	Description of risk	Potential impact on business	Key monitoring and mitigation measures
Fuel and operating cost volatility	Exposure to volatility in fuel prices and other operating costs, including airport and aviation-related charges.	Higher operating costs may reduce margins and affect profitability.	Management monitors cost developments through regular financial reviews and seeks to mitigate their impact through pricing discipline, operational efficiency, and cost control measures.
Fleet availability, maintenance, and aircraft utilization	flynas' operations depend on the availability, reliability and efficient utilization of its aircraft fleet.	Disruptions arising from maintenance requirements, delays in aircraft availability, technical issues, or constraints in fleet planning may affect flight schedules, capacity, and service continuity.	Management monitors fleet performance closely and works to maintain appropriate maintenance planning, operational coordination, and fleet deployment discipline.
Dependence on third-party service providers for operational delivery	flynas relies on third party providers for a range of critical services, including airport operations, ground handling, maintenance support, catering, and other operational activities.	Any disruption, underperformance, or contractual issue involving key service providers may affect operational efficiency, service quality, or customer experience.	Management seeks to manage this risk through oversight, contractual arrangements, performance monitoring and ongoing coordination with key providers.
Technology, cybersecurity, and systems continuity	flynas depends on technology platforms and digital systems across reservations, sales, operational coordination, and corporate functions.	Any system interruption, cyber incident, data breach, or prolonged technology failure may disrupt operations, affect customer service, and expose the Company to financial and reputational risks.	Management monitors this area through IT controls, system resilience measures, cybersecurity protocols, and business continuity arrangements.

Principal risk	Description of risk	Potential impact on business	Key monitoring and mitigation measures
Workforce capability and talent availability	The Company depends on specialized personnel across flight operations, engineering, maintenance, and management.	Challenges in attracting, retaining and developing qualified employees in a competitive labor market can affect overall performance and service delivery.	Management seeks to address this through workforce planning, training and development, succession planning, and human capital policies aligned with operational requirements.
Liquidity and capital commitment risk	The Company's operations and growth plans require ongoing funding capacity, disciplined cash flow management, and the ability to meet operating, financing, and capital commitments.	Adverse changes in cash flow, working capital requirements, or funding conditions may affect financial flexibility.	Management monitors liquidity, financing needs, and capital commitments on an ongoing basis as part of its financial planning and oversight processes.
Competitive and pricing pressure	flynas operates in a competitive market shaped by capacity levels, pricing dynamics, route economics and customer preferences.	Increased competition or sustained pricing pressure may affect revenue quality, market share, and profitability.	Management monitors market developments by responding through network planning, pricing discipline, service positioning, and cost competitiveness.
Demand, regulatory, and external environment risk	Passenger demand is influenced by broader economic conditions, travel patterns, regulatory developments, and other external factors such as geopolitical tensions affecting the aviation sector.	Changes in regulation, licensing requirements, market access conditions, or external disruptions may affect the Company's operations, market access, and growth.	Management monitors these developments through ongoing regulatory review, operational flexibility, and contingency planning. However, heightened geopolitical tensions in the region may create short-term uncertainty that remains outside the Company's direct control.



Shareholder matters

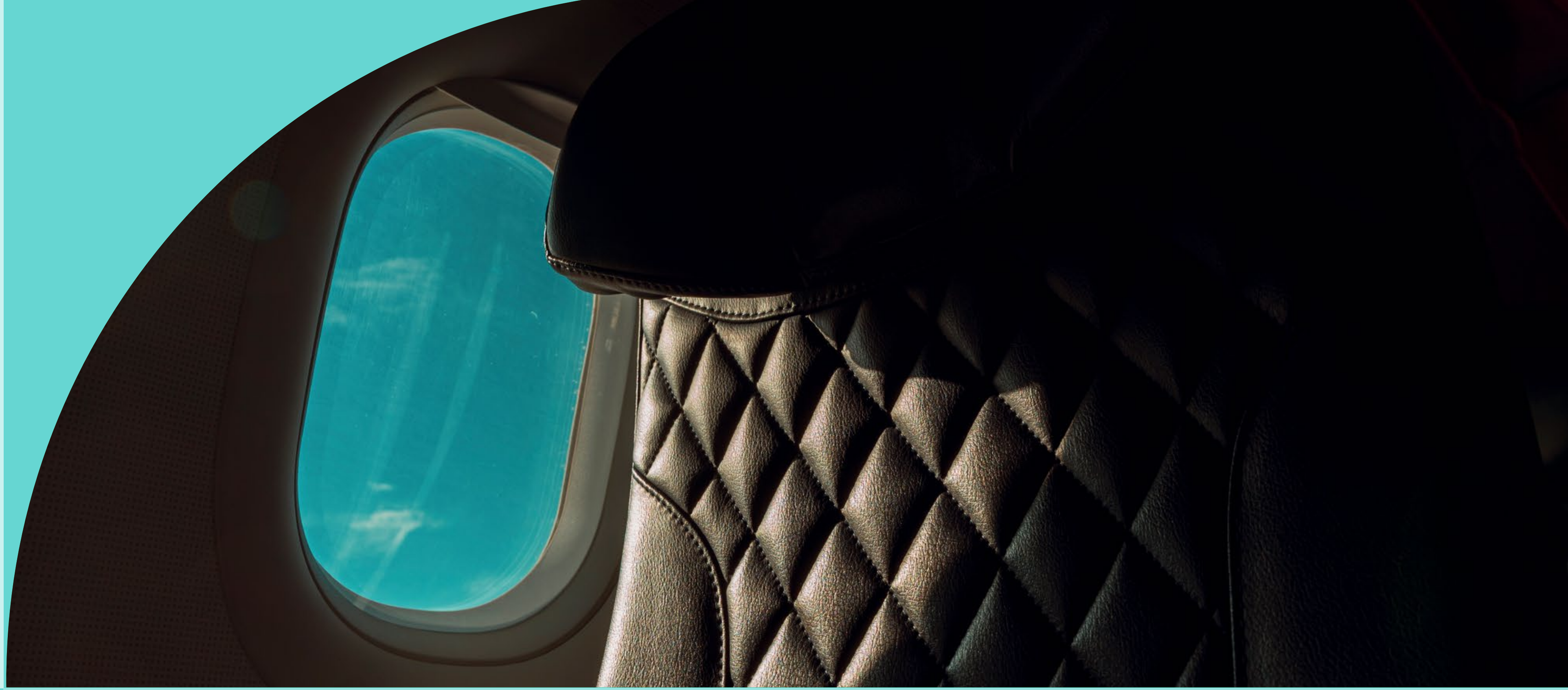
Dividend policy: Dividends are subject to the recommendation of the Board of Directors and approval by shareholders and depend on the Company's financial performance, cash flow position, capital expenditure requirements, and other relevant considerations. The Company does not have a fixed dividend payout policy and may retain earnings to support its operations, growth, and other strategic priorities. In accordance with its Articles of Association, net profits may be allocated to reserves or other purposes as determined by the General Assembly before any distribution to shareholders. No dividends were distributed during 2025.

Substantial shareholders: As of 31 December 2025, the Company's substantial shareholders holding 5% or more of its issued share capital were National Flight Services Company (27.7%) and Kingdom Holding Company (27.4%). These shareholdings give rise to indirect beneficial ownership by Prince Khalid bin Sultan bin Abdulaziz Al Saud (27.7%) and Prince Alwaleed bin Talal bin Abdulaziz Al Saud (21.4%), through their respective ownership interests in the aforementioned entities. During 2025, National Flight Services Company and Mr. Nasser Ibrahim Rashid Al Rashid disposed of 1.2% and 2.2% of their shareholdings, respectively, reducing their stakes from 28.9% and 6.5% at the time of the IPO.

Requests by the company to review the shareholders' register:

Company request no.	Request date	Reasons for request
1.	11 December 2025	Other
2.	27 July 2025	Other
3.	25 June 2025	Duplicate request submitted in error
4.	25 June 2025	Duplicate request submitted in error
5.	25 June 2025	Other
6.	23 June 2025	Duplicate request submitted in error
7.	23 June 2025	Duplicate request submitted in error
8.	23 June 2025	Duplicate request submitted in error
9.	23 June 2025	Other
10.	19 June 2025	Upon Listing

Waiver of dividend rights: No arrangements or agreements were identified during the year under which any shareholder of the Company waived any rights to dividends.



Board of directors

The Company is governed by a Board of Directors comprising six members appointed by the Ordinary General Assembly of Shareholders. The composition of the Board ensures that independent members represent no less than one-third of the Board or two members, whichever is greater. The duties and responsibilities of the Board are defined in the Company's Bylaws and Internal Governance Manual. Directors including the Chairman of the Board are appointed for a term not exceeding four years per cycle and may be re-elected, unless otherwise stipulated by the Company's Bylaws. The current Board term commenced on 26 November 2023 and will continue until 25 November 2027.

Four Board meetings were held during 2025.

Name of member	Position	Membership type	Number of meetings: 4			
			1st meeting (17 April 2025)	2nd meeting (22 May 2025)	3rd meeting (8 September 2025)	4th meeting (16 November 2025)
Ayed Thawab Manea Allah Aljeaid	Chairman	Non-Executive	✓	✓	✓	✓
Talal Ibrahim Ali Almaiman	Vice Chairman	Non-Executive	✓	✓	✓	✓
Hamza Bahi Adeen Alsayed Alkholi	Board Member	Non-Executive	✓	✓	✓	✗
Mohammed Bin Saleh Albuty	Board Member	Independent	✓	✓	✓	✓
Abdullah Fahd Abdulaziz Alfaris	Board Member	Independent	✓	✓	✗	✗
Bander Abdulrahman Almohanna	Managing Director and Board Member	Executive	✓	✓	✓	✓

General assembly meetings attendance

Name of member	Position	Meeting attendance
		1st GA meeting (19 May 2025)
Ayed Thawab Manea Allah Aljeaid	Chairman	✓
Talal Ibrahim Ali Almaiman	Vice Chairman	✓
Hamza Bahi Adeen Alsayed Alkholi	Board Member	✓
Mohammed Bin Saleh Albuty	Board Member	✓
Abdullah Fahd Abdulaziz Alfaris	Board Member	✓
Bander Abdulrahman Almohanna	Managing Director and Board Member	✓

Board responsibilities and duties

The Board of Directors is responsible for overseeing the management and overall direction of the Company and for acting in the interests of shareholders while supporting the Company's long-term stability and development. It provides strategic oversight, reviews and approves key plans and objectives, monitors business performance, and oversees the effectiveness of the Company's governance and control environment. The Board also supervises Executive Management and follows the execution of major decisions and initiatives. While certain responsibilities may be delegated to Board committees or to Executive Management in accordance with the Company's governance framework, the Board retains overall responsibility for the Company's affairs and for the proper discharge of its duties.

The performance of the Board, its committees, and its members is evaluated through self-assessments and company-specific performance indicators.

Role of the chairman

The Chairman is responsible for leading the Board and supporting its effective functioning in overseeing the Company's affairs. This includes guiding Board discussions, helping ensure that matters presented to the Board are considered in an organized and constructive manner, and promoting the timely flow of clear and relevant information to Directors.
The Chairman also plays an important role in maintaining effective communication between the Board, Executive Management, and shareholders, and in supporting active participation by Directors in Board deliberations. In addition, the Chairman oversees the conduct of Board meetings and General Assembly meetings in accordance with applicable requirements and supports the proper documentation and follow up of Board decisions.

Shareholder communication with the board

The Board of Directors recognizes the importance of shareholder proposals, comments, and feedback. To facilitate effective communication, the Company has established appropriate channels through which shareholders may raise concerns and submit proposals, including email, telephone, and the Company's official website.

Shareholder queries and feedback are collected on an ongoing basis by the Shareholder Relations Department and communicated to the Board of Directors through the appropriate internal reporting channels. Shareholders may also communicate directly with the Board during the Company's General Assemblies, where sufficient time is allocated to address questions and receive comments. In addition, the Company makes relevant information available through its website and other digital platforms.

Board profiles

Ayed Thawab Manea Allah Aljeaid

Age:
70

Nationality:
Saudi

Position:
Chairman

Date of appointment (current term):
26 November 2023

Academic qualifications

- Master's in military science (combat aviation), Command and General Staff College (CGSC), USA, 1989
- Bachelor's in air science (combat aviation), King Faisal Air College, Saudi Arabia, 1975

Current positions

- Chairman of the Company (since 2017)
- Head of the Company's Executive Committee (since 2021)
- General Manager, Al Khalediah Poland, a Polish limited liability company in agriculture and horse stables (since 2020)
- Chairman, NAS-ExecuJet, a Saudi limited liability company in aviation (since 2013)
- Chairman, National Aviation Ground Support Company (NAGS), a Saudi limited liability company in airline maintenance and logistics support (since 2010)
- Chairman, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (since 2006)
- General Manager, Makshaf Investment Co., a Saudi limited liability company in industrial and agricultural project management and third-party marketing services (since 2003)
- Chairman, MCG, a British limited liability company in travel (since 1998)
- General Manager, National Flight Services Company, a Saudi limited liability company in aviation services (since 1997)
- General Manager, Portfolio Tourism and Travel Company, a Saudi limited liability company in travel (since 1997)
- CEO, Makshaf Services Co. Ltd., a Saudi limited liability company operating in media, aviation, and agriculture (since 1996)
- Chairman, Elbow Beach Hotel, a Bermuda-registered limited liability company in hospitality (since 1996)
- Director, Gate Gourmet Al Saudia, a Saudi limited liability company in airline catering (since 2024)

Key previous professional experience

- Chairman, Dar Al Hayat Company, a Saudi limited liability company in publishing and distribution (2005–2022)

Talal Ibrahim Ali Almaiman

Age:
72

Nationality:
Saudi

Position:
Vice Chairman

Date of appointment (current term):
26 November 2023

Academic qualifications

- MBA (Finance), University of Liverpool, UK, 2009
- Bachelor's in electrical engineering, University of Evansville, USA, 1979

Current positions

- Vice Chairman and Board Member, the Company (since 2013)
- Vice Chairman, National Industrialization Company, a Saudi public joint stock company in petrochemicals (since 2022)
- Board Member, Dallah Healthcare Company, a Saudi public joint stock company in healthcare services (since 2022)
- Member of the Executive Committee, the Company (since 2021)
- Chairman, Saudi Fransi Capital, a Saudi closed joint stock company in financial services (since 2019)
- Deputy Chairman (since 2019) and Board Member (since 2018), Banque Saudi Fransi, a Saudi public joint stock company in banking services
- Chairman, Strategic Committee; Member, Executive Committee; and Member, Nomination and Remuneration Committee, Banque Saudi Fransi (since 2018)
- CEO, Kingdom Holding Company, a Saudi public joint stock company in investment holding activities (since 2017)
- Chairman (since 2024) and Board Member (since 2016), Five Capital Fund, a limited liability company in venture capital and private equity
- Chairman, Kingdom Investment and Development Company, a Saudi closed joint stock company in real estate development and investment (since 2015)
- Board Member, Jeddah Economic Company, a Saudi limited liability company in real estate (since 2009)
- Chairman and CEO, Kingdom Real Estate Development Company Limited, a Saudi limited liability company in real estate development (since 2009)
- Board Member, Kingdom Holding Company, a Saudi public joint stock company in investment holding activities (since 1996)

Talal Ibrahim Ali Almaiman

Key previous professional experience

- Chairman, Commercial Center Company Limited, a Saudi limited liability company in commercial real estate (2010–2023)
- Board Member, Savola Group, a Saudi public joint stock company in food and retail (2007)
- Board Member, Saudi Research and Marketing Group, a Saudi public joint stock company in publishing, media, advertising, distribution, and printing (2015)
- Chairman, Care Shield Holding, a Saudi joint stock company in healthcare (2002–2020)
- Executive Board Member, Domestic Development and Investments, Kingdom Holding Company, a Saudi public joint stock company in investment holding activities (1996–2016)
- Manager of Information Systems, Saudi Arabian Monetary Agency (now Saudi Central Bank), a government entity in monetary and financial stability (1986–1996)
- Manager, Operations and Maintenance Department, Ministry of Interior, Saudi Arabia (1979–1986)

Hamza Bahi Adeen Alsayed Alkholi

Age:
81

Nationality:
Saudi

Position:
Board Member

Date of appointment (current term):
26 November 2023

Academic qualifications

- Bachelor's in pharmacy, King Saud University, Saudi Arabia, 1966

Current positions

- Board Member of the Company (since 2012)
- Chairman and Board Member, Alkholi Holding Company, a Saudi closed joint stock company managing a portfolio of companies across aviation, construction, operation and maintenance, facilities and asset management, investment, communications, and information technology (since 2021)
- Partner and Board Member, Hamza AlKholi Trading (HAKTCO), a Saudi limited liability company managing activities across aviation, construction, operation and maintenance, facilities and asset management, investment, communications, and information technology (since 1976)
- Partner and Board Member, Saudi Architecture Art Maintenance Company, a Saudi limited liability company in building maintenance (since 1978)
- Partner and Board Member, Arabian Maintenance and Operations Services (AMOS), a Saudi limited liability company in maintenance and operations services (since 1983)

Mohammed Bin Saleh Albuty

Age:
51

Nationality:
Saudi

Position:
Board Member

Date of appointment (current term):
26 June 2024

Academic qualifications	• Master's in financial mathematics, Johns Hopkins University, USA, 2008	• Bachelor's in information systems, King Saud University, Saudi Arabia, 1997
Current positions	• Board Member and Chairman of the Company's Audit Committee (since 2024) • Board Member, Al-Rajhi and Brothers Co., a limited liability company in real estate (since 2023) • Chairman, National Asset Management Company, a limited liability company in asset and facility management in the real estate sector (since 2020)	• Vice Chairman, National Financing Support Services Company, a Saudi closed joint stock company in services (since 2019) • CEO (Since 2016) and Board Member (since 2018), National Housing Company (NHC), a Saudi closed joint stock company in real estate development
Key previous professional experience	• Advisor to the Minister of Housing, Ministry of Housing (2015–2016)	• Vice President of Business Development, Engineering and Technology Services Corporation (ETSC) (2014–2015)

Abdullah Fahd Abdulaziz Alfaris

Age:
43

Nationality:
Saudi

Position:
Board Member

Date of appointment (current term):
26 June 2024

Academic qualifications

- MBA, Prince Sultan University, Saudi Arabia, 2016
- Bachelor's in electrical communications engineering, King Saud University, Saudi Arabia, 2005

Current positions

- Board Member and Chairman of the Nomination and Remuneration Committee of the Company (since 2024)
- Deputy Minister, Ministry of Industry and Mineral Resources, a Saudi government ministry in industry (since 2022)
- Chairman, Zain Telecommunications Company, a Saudi public joint stock company in telecommunications (since 2025; Board Member since 2022)
- Board Member and Member of the Audit Committee, Marble Design Factory Company (Marble Design), a Saudi public joint stock company in wholesale construction materials (since 2022)

Key previous professional experience

- Board Member, Association for Strategy Planning, a non-profit organization in training, professional licensing, and consulting (2022–2023)
- Chief Strategy Officer, Land Registry, a government-owned real estate company (2021–2022)
- Head of the Vision and Implementation Office, Ministry of Municipalities and Housing (2019–2021)
- Deputy Governor for Strategies, Unified National Platform, a Saudi government entity in digital government services (2016–2019)
- Director of Engineering, Etihad Telecommunications Company (Mobily), a Saudi listed joint stock company in telecommunications (2005–2016)

Bander Abdulrahman Almohanna

Age:

55

Nationality:

Saudi

Position:

Managing Director and Board Member

Date of appointment (current term):

26 November 2023

Academic qualifications

- Master's in actuarial science and financial mathematics, University of Michigan Ann Arbor, USA, 2022
- MBA, American University, USA, 1998
- Bachelor's in accounting, King Saud University, Saudi Arabia, 1993

Current positions

- CEO and Managing Director of the Company (since 2015)
- Member of the Executive Committee of the Company (since 2021)
- Chairman, NERA Advanced Commercial Services Co., a single-shareholder company wholly owned by Saudi Air Navigation Services (SANS), providing commercial and aviation services (since 2023)
- Member, Executive Committee, Arab Air Carriers Organization (AACO), a regional non-profit organization in air transport (since 2022)
- Member, Executive Committee (since 2022) and Board Member (since 2018), Saudi Air Navigation Services Company (SANS), a Saudi limited liability company in air navigation services
- CEO, flynas Hajj & Umrah, a Saudi limited liability company in aircraft leasing and non-commercial aviation operations (since 2016)
- CEO, NasJet Company, a one-person Saudi limited liability company in private aviation (since 2016)
- General Manager, Nitaq Actuarial Services Company, a Saudi limited liability company in actuarial services (since 2011)
- CEO and Managing Director, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (since 2015)
- Board Member, NAS ExecuJet Company, a Saudi limited liability company in aviation (since 2012)

Bander Abdulrahman Almohanna	Key previous professional experience	• Chairman, Jazal Arabia for Commercial Investments, a Saudi closed joint stock company in real estate (2014–2022) • Chairman, Middle East Financial Investment Company (MEFIC Capital), a Saudi closed joint stock company in investment (2018–2021) • Board Member and Member of the Audit Committee, SABB Takaful Company (now Walaa Cooperative Insurance Company), a Saudi joint stock company in insurance (2018–2019) • Financial Analyst, Makshaff Services and Investments Limited, a Saudi limited liability company in investment (2003–2006) • Banking Inspector, Saudi Arabian Monetary Agency (now Saudi Central Bank) (1993–2003) • Chief Financial Officer and Deputy CEO, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (2006–2015)

Board committees

Audit committee

The Company has an Audit Committee formed of five members whose appointment was recommended pursuant to the Board of Directors' resolution dated 26 June 2024 and approved by the General Assembly resolution dated 3 October 2024, for a term ending with the end of the Board of Directors' term on 25 November 2027.

Name	Committee role	Membership classification	Number of meetings: 7						
			1st meeting (16 February 2025)	2nd meeting (27 February 2025)	3rd meeting (15 March 2025)	4th meeting (15 May 2025)	5th meeting (21 May 2025)	6th meeting (5 August 2025)	7th meeting (6 November 2025)
Mohammed Bin Saleh Albuty	Chairman	Independent	✓	✓	✓	✓	✓	✓	✓
Saleh Abdullah Saleh Alhenaki	Member	Non-Board Member	✓	✓	✓	✓	✓	✓	✓
Fouad Abdullah Abdul Rahman Alrashed	Member	Non-Board Member	✓	✓	✓	✓	✓	✓	✓
Khaled Saleh Fahd Alsabil	Member	Non-Board Member	✓	✓	✓	✓	✓	✓	✓
Mamdouh Suleiman Eid Almajid	Member	Non-Board Member	✓	✓	✓	✓	✓	✓	✓

Responsibilities of the audit committee

The Audit Committee supports the Board in overseeing financial reporting, internal controls, and the effectiveness and independence of the audit function.

Its responsibilities include recommending the appointment of external auditors, approving audit and non-audit services, reviewing the scope and effectiveness of audits, and discussing audit findings and financial statements with external auditors prior to Board consideration.

The Committee evaluates the adequacy of the Company's internal, financial, and operational control systems in coordination with internal and external auditors and reports its findings to the Board. It also ensures that appropriate mechanisms are in place for employees to confidentially report concerns relating to financial or other matters and oversees the review of such matters.

The Committee is authorized to obtain information from management through established channels and to seek independent, third-party legal or professional advice where required. It may recommend that the Board convene a General Assembly in the event of significant issues or where its work is obstructed. The Chairman of the Committee, or a delegate, attends General Assembly meetings to respond to Shareholders' queries.

Results of the annual review of internal controls: The Audit Committee, supported by the Internal Audit function, reviewed the effectiveness of the Company's internal control procedures during the year. Based on the results of this review, the Board is of the opinion that the Company's internal control system is effective and adequate to provide reasonable assurance regarding the reliability of financial reporting, the safeguarding of assets, and compliance with applicable policies and procedures. No material weaknesses were identified during the year requiring disclosure.

Audit committee recommendations on the external auditor: The Audit Committee recommended the appointment of the external auditor to the Board of Directors, determined the auditor's fees, evaluated the auditor's performance, verified the auditor's independence, and reviewed the scope of work and terms of engagement.

Profiles of non-board committee members

Saleh Abdullah Saleh Alhenaki

Age:
54

Nationality:
Saudi

Position:
Member of the Audit Committee

Date of appointment (current term):
26 June 2024

Academic qualifications

- Master's in financial mathematics, University of Michigan, USA, 2002
- Master's in economics, University of Colorado, USA, 1998
- Bachelor's in quantitative methods, King Saud University, Saudi Arabia, 1994

Current positions

- Member of the Company's Audit Committee and Nomination and Remuneration Committee (since 2017)
- CEO, Nitaq Financial Company, a Saudi closed joint stock company in investment (since 2021)
- Board Member, Saudi Egyptian Development Company, an Egyptian closed joint stock company in real estate (since 2022)
- Head of the Executive Committee and Investment Committee, Saudi Egyptian Development Company, an Egyptian closed joint stock company in real estate (since 2022)
- Board Member, Jazal Arabia Company, a Saudi closed joint stock company in real estate (since 2015)
- Board Member, Roaa Al Haram Company, a Saudi limited liability company in hospitality (since 2022)
- Head of the Audit Committee, Roaa Al Haram Company, a Saudi limited liability company in hospitality (since 2023)
- Board Member and Member, Audit Committee, Mohammad Al Habib Holding, a Saudi closed joint stock company in holding and investment activities (since 2021)
- Chairman, National Finance Services Company, a Saudi closed joint stock company in holding and investment activities (since 2021)
- Board Member and Managing Director, Rafal Real Estate Development Company, a Saudi limited liability company in real estate development (since 2022)

Saleh Abdullah Saleh Alhenaki

Key previous professional experience

- Board Member of the Company (2017–2024)
- Chairman of the Company's Audit Committee (2017–2024)
- Chairman of the Company's Nomination and Remuneration Committee (2021–2024)
- Board Member, Maharah Human Resources Company, a Saudi public joint stock company in manpower services (2021–2024)
- Member of the Executive and Audit Committee, National Housing Company, a Saudi closed joint stock company in housing (2017–2022)
- Member, Executive Committee, Thakher Real Estate Development Company, a Saudi closed joint stock company in real estate development (2019–2022)
- Board Member and Member, Audit and Investment Committee, Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO ADDWAEIH), a Saudi public joint stock company in pharmaceuticals (2019–2022)
- CEO, Mohammed Alsubeaei & Sons Investments Company (MASIC), a Saudi limited liability company in investment and real estate (2019–2020)
- CEO, Alinma Investment Company, a Saudi closed joint stock company in financial services and investment (2014–2019)
- Chairman, Wafa Insurance, a Saudi public joint stock company in insurance (2011–2016)
- Head of Asset Management, Falcom Investment Company, a Saudi closed joint stock company in investment (2007–2014)
- Fund Manager, Al Rajhi Bank, a Saudi public joint stock company in banking (2007–2008)
- Banking Inspector, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (1995–2006)

Fouad Abdullah Abdul Rahman Alrashed

Age:

56

Nationality:

Saudi

Position:

Member of the Audit Committee

Date of appointment (current term):

26 June 2024

Academic qualifications	• Advanced diploma in accounting, Institute of Certified Management Accountants, USA, 1996	• Bachelor's in accounting, King Saud University, Saudi Arabia, 1992
Current positions	• Member of the Company's Audit Committee (since 2020)	• CEO, Sulaiman Abdulaziz Al Rajhi Real Estate Investments Company, a Saudi public joint stock company in real estate (since 2021)
Key previous professional experience	• CEO, Rafal Real Estate Development Company, a Saudi joint stock company in real estate development (2019–2020) • CEO, Asala Holding Company, a Saudi joint stock company in real estate (2012–2019) • Vice President of Finance and Administration, Mohammad Al Habib Real Estate Company, a Saudi joint stock company in real estate (2007–2012) • Executive Financial Director, Saudi Authority for Industrial Cities and Technology Zones, a Saudi government entity in industrial development (2004–2007) • Head of Finance, Riyadh Development Company, a Saudi joint stock company in real estate (2002–2004)	• Head of Internal Audit, Riyadh Al Kharj Military Hospital, a Saudi government hospital in healthcare (2000–2002) • Banking Inspector, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (1992–2000)

Khaled Saleh Fahd Alsabil

Age:
61

Nationality:
Saudi

Position:
Member of the Audit Committee

Date of appointment (current term):
26 June 2024

Academic qualifications

- Certified Public Accountant (CPA), American Institute of Certified Public Accountants, USA, 2001
- Master's in business sciences (accounting), University of Illinois, USA, 1998
- Advanced program in banking studies, Institute of Public Administration, Saudi Arabia, 1989
- Bachelor's in arts, King Saud University, Saudi Arabia, 1986

Current positions

- Member, Audit Committee, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (since 2016)
- Member, Audit Committee, Al Rajhi Bank, a Saudi public joint stock company in banking (since 2023)
- Member, Audit Committee, National Center for Non-Profit Sector, a Saudi government entity (since March 2025)

Key previous professional experience

- Member, Audit Committee, Saudi British Bank (Saudi Awwal Bank), a Saudi joint stock company in banking (2017–2023)
- Member, Audit and Risk Committee, National Center for Performance Measurement, a Saudi government entity (2020–2023)
- Member, Audit Committee, National Housing Company, a Saudi joint stock company in housing (2018–2026)
- Member, Audit, Compliance and Risk Committee, Saudi Export-Import Bank, a Saudi government financial institution in export finance (2020–2022)
- Member, Audit Committee, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company, a Saudi joint stock company in insurance (2016–2023)
- Consultant, Ministry of Housing, a Saudi government entity in the housing sector (2015–2017)
- Head of Banking Enforcement, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (2013–2015)
- Head of Inspection, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (2007–2013)
- Head of Anti-Money Laundering and Counter Terrorism Financing, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (2004–2007)
- Banking Inspector, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (1992–2004)
- Accountant, Saudi Arabian Monetary Agency (Saudi Central Bank), a Saudi government entity in financial regulation (1992–2004)

Mamdouh Suleiman Eid Almajid

Age:
55

Nationality:
Saudi

Position:
Member of the Audit Committee

Date of appointment (current term):
26 June 2024

Academic qualifications

- MBA, University of Leicester, UK, 2004
- Bachelor's in accounting and finance, King Saud University, Saudi Arabia, 1995

Current positions

- Member of the Company's Audit Committee (since 2018)
- Member, Audit Committee, BSF, a Saudi public joint stock company in banking (since 2019)
- Member, Audit Committee, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (since 2018)
- Managing Partner, Al Majed and Al Anazi Chartered Accountants and Auditors, a Saudi professional company in accounting and auditing (since 2010)

Key previous professional experience

- Member, Audit Committee, Care Shield Holding Company, a Saudi joint stock company in healthcare (2016–2020)
- Head of Finance, Kingdom Holding Company, a Saudi public joint stock company in investment holding (2004–2010)
- Financial Controller, Kingdom Holding Company, a Saudi public joint stock company in investment holding (2007–2012)

Nomination and remuneration committee

The Nomination and Remuneration Committee consists of four members who were appointed pursuant to the Board of Directors' resolution dated 26 June 2024 for a term ending with the end of the Board of Directors' term on 25 November 2027.

Name	Committee role	Membership classification	Number of meetings: 1
			1st meeting (29 September 2025)
Abdullah Fahd Abdulaziz Alfaris	Chairman	Independent	✓
Saleh Abdullah Saleh Alhenaki	Member	Non-Board Member	✓
Saad Ibrahim Saad Almoosa	Member	Non-Board Member	✓
Khaled Ahmed Ibrahim Althumairi	Member	Non-Board Member	✓

Responsibilities of the nomination and remuneration committee

Nomination

The Committee supports the Board in ensuring that the composition, structure, and effectiveness of the Board and Executive Management are aligned with the Company's strategic objectives and governance requirements.

Its responsibilities include reviewing and recommending the size and composition of the Board, overseeing succession planning for the Board, Chairman, CEO, and Executive Management, and establishing clear policies and criteria for appointments. The Committee evaluates and recommends candidates for Board and Committee membership and Executive Management positions, in line with approved criteria and regulatory requirements.

The Committee also assesses the performance and effectiveness of the Board, its Committees, and Executive Management, and identifies required skills, competencies, and development needs. This includes overseeing induction and ongoing training for Directors, defining role descriptions, and determining the expected time commitment for Board members.

In addition, the Committee reviews the structure of the Board and its Committees, ensures the independence of independent Directors and the absence of conflicts of interest, and establishes procedures for succession and vacancy management. It also evaluates the strengths and areas for improvement within the Board and recommends appropriate actions to enhance its effectiveness.

Remuneration

The Committee supports the Board in establishing and overseeing a remuneration framework that aligns with the Company's strategy, performance objectives, and long-term shareholder value.

Its responsibilities include developing and recommending a clear remuneration policy for Directors, Board Committee members, and Executive Management, for approval by the Board and General Assembly. The policy is designed to be performance-based, competitive, and aligned with the Company's risk profile, while supporting the attraction, retention, and motivation of qualified individuals.

The Committee reviews the implementation and effectiveness of the remuneration policy on a periodic basis, ensuring transparency in the link between pay and performance and identifying any material deviations. It also establishes guidelines for variable compensation, including short- and long-term incentives, and oversees the granting of Share-Based remuneration where applicable.

In addition, the Committee reviews and recommends remuneration arrangements for Executive Management, including contract terms and incentive structures, and evaluates the performance and compensation of the CEO against approved objectives. It also reviews broader compensation frameworks, including employee benefits and retirement plans, and ensures that appropriate governance mechanisms are in place, including provisions for the suspension or recovery of remuneration where warranted.

The Committee may obtain independent professional advice to ensure that the Board is provided with sufficient information to support informed decision-making on remuneration matters.

Profiles of non-board committee members

Saleh Abdullah Saleh Alhenaki

Position

Member of the Nomination and Remuneration Committee

Joining date

26 June 2024

(See page 36 for full profile.)

Saad Ibrahim Saad Almoosa

Age:

47

Nationality:

Saudi

Position:

Member of the Nomination and Remuneration Committee

Date of appointment (current term):

26 June 2024

Academic qualifications	• Bachelor's in information systems, King Saud University, Saudi Arabia, 2001
Current positions	• Vice Chairman, Ashmore Saudi, a Saudi company in investment banking (since 2022) • Board Member, Sanar Medical • Board Member, Single View, a fintech company (since 2022)
Key previous professional experience	• CEO, SAF International, a real estate company (2007–2025) • CEO, Tamerat AlMousa, a real estate company (2004–2025) • CEO, Technology Bridge, an IT company (2002–2025)

Khaled Ahmed Ibrahim Althumairi

Age:
55

Nationality:
Saudi

Position:
Member of the Nomination and Remuneration Committee

Date of appointment (current term):
26 June 2024

Academic qualifications	• PhD in business administration, University of Northampton, UK, 2021 • MBA, University of Denver, USA, 1998	• Bachelor's in English, King Saud University, Saudi Arabia, 1994
Current positions	• Member of the Company's Nomination and Remuneration Committee (since 2024)	• CEO, Modern Dimension Company (since 2021)
Key previous professional experience	• CEO, Shared Services, Prince Mohammed bin Salman Foundation (Misk), a non-profit organization in youth development (2019–2021)	• General Manager, Human Resources and Support Services, NADEC, a Saudi listed joint stock company in agriculture (2012–2019)

Executive committee

The Executive Committee consists of three members appointed pursuant to a Board resolution dated 29 May 2024.

Name	Committee role	Membership classification	Number of meetings: 2	
			1st meeting (7 September 2025)	2nd meeting (13 November 2025)
Ayed Thawab Manea Allah Aljeaid	Chairman	Non-Executive	✓	✓
Talal Ibrahim Ali Almaiman	Member	Non-Executive	✓	✓
Bander Abdulrahman Almohanna	Member	Executive	✓	✓

Responsibilities of the executive committee

The Executive Committee supports the Board in overseeing the execution of the Company's strategy and the management of key operational, financial, and investment decisions.

Its responsibilities include reviewing the Company's strategic plans and objectives and making recommendations to the Board, as well as evaluating and recommending major projects, expansions, joint ventures, acquisitions, and asset transactions in line with approved long-term plans. The Committee also assesses the Company's capital structure, investment plans, and financing arrangements, including loans and banking facilities.

The Committee oversees the management of financial and economic risks, including foreign exchange, interest rate, fuel hedging, and insurance programs, and reviews relevant policies and procedures within its mandate. It monitors the implementation and performance of major initiatives and business units, including reviewing deviations from approved plans and budgets.

In addition, the Committee reviews reports from management and relevant sub-committees, including matters relating to legal and regulatory issues, and provides recommendations to the Board. It also ensures that appropriate mechanisms are in place to support stakeholder relationships and the confidentiality of information.

The Committee is authorized to approve certain operational matters within its delegated authority and to perform any additional duties assigned by the Board from time to time.

Executive management

The Company's Executive Management is responsible for the day-to-day management of its operations and the execution of the strategy approved by the Board of Directors. The Chief Executive Officer leads the Executive Management team and oversees the implementation of the Company's plans, policies, and objectives.

The Executive Management is structured across key functional areas, including finance, operations, commercial activities, human resources, technology, and strategy, each of which supports the delivery of the Company's business objectives. These functions work in an integrated manner to support operational performance, financial discipline, and service delivery across the Company's network.

Executive management profiles

Bander Abdulrahman Almohanna

Position

Chief Executive Officer (CEO)

Joining date

1 February 2015

(See page 31 for full profile.)

Ramzi Zaroubi

Age:
63

Nationality:
Lebanese

Position:
Chief Financial Officer (CFO)

Joining date:
1 September 2009

Academic qualifications	• Certified Management Accountant (CMA), Institute of Chartered Management Accountants, UK, 1992 • Bachelor's in business computing, Lebanese American University, Lebanon, 1985
Current positions	• CFO of the Company (since 2009)
Key previous professional experience	• Senior Vice President, Finance and Business Development, Royal Jet, a UAE limited liability company in aviation (2004–2009) • Director of Finance, Presidential Flight, a UAE government entity (1994–2004) • Senior Management Accountant, Emirates Global Aluminium, a UAE private joint stock company in aluminum (1986–1993)

Nandan Mimani

Age:

51

Nationality:

Indian

Position:

Chief Procurement and Financing Officer

Joining date:

1 January 2018

Academic qualifications

- Advanced management program, Harvard Business School, USA, 2022
- Chartered Accountant (finance), Institute of Chartered Accountants, India, 1996
- Certificate in corporate secretarial practice (company law), Institute of Company Secretaries, India, 1997
- Cost and business accountant (management accounting), Institute of Cost and Business Accounting, India, 1997
- Bachelor's in commerce (finance), University of Calcutta, India, 1994

Current positions

- Chief Procurement and Financing Officer at the Company (since 2016)

Key previous professional experience

- Group Chief Executive, Strategy and Planning, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (2012–2016)
- Executive Director of Finance, National Air Services Company (NAS Holding), a Saudi joint stock company in aviation (2010–2012)
- Vice President of Finance, SpiceJet, an Indian public company in aviation (2007–2010)
- Assistant, Future Group India, an Indian company in food (2006–2007)
- Financial Controller (Region Chief Finance Officer), Coca-Cola Company, an Indian public listed company in beverages (2002–2005)
- Manager, Revenue Assurance, Bharti Telecom, an Indian public listed company in telecommunications (2001–2002)
- Manager, Finance and Management Information Systems, Standard Chartered, an Indian public listed company in banking and investment (2000–2001)
- Manager, Strategic Planning and Management Information Systems, UB Group, an Indian public listed company in beverages (1998–2000)

Mansoor Obaid Musleh Alharbi

Age:
58

Nationality:
Saudi

Position:
Chief Operating Officer (COO)

Joining date:
1 February 2015

Academic qualifications	• PhD in aviation science (aviation cost assurance), Capitol Technology University, USA, 2023 • Leadership challenge program, INSEAD, France, 2018 • Advanced management program, INSEAD, France, 2015 • Master's in military sciences, Ministry of Defense and Aviation, Saudi Arabia, 2005 • Bachelor's in atmospheric science, King Faisal Air Academy, Saudi Arabia, 1990
Current positions	• Chief Operating Officer of the Company (since 2015)
Key previous professional experience	• Executive General Manager, Air Operations, the Company (from September 2010 to 2011) • Deputy Executive General Manager, Air Operations, the Company (from June 2010 to September 2010) • Director of Training, the Company (2009–2010) • Director of Air Operations (Air Force), Ministry of Defense, a Saudi government entity (2008–2009) • Director of Standardization, Ministry of Defense, a Saudi government entity (2006–2008) • Director of Training, Ministry of Defense, a Saudi government entity (2003–2006) • Director, Office of the Air Base Commander, Ministry of Defense, a Saudi government entity (1997–2003) • Director of Standardization, Ministry of Defense, a Saudi government entity (1994–1997) • Director of Operations, Ministry of Defense, a Saudi government entity (1990–1994)

Stefan Oliver Magiera

Age:
51

Nationality:
German

Position:
Chief Commercial Officer

Joining date:
1 March 2019

Academic qualifications

- Bachelor's in business administration (equivalent), University of Applied Sciences Gelsenkirchen, Germany, 2004

Current positions

- Chief Commercial Officer of the Company (since 2019)

Key previous professional experience

- Deputy Chief Executive, European Region, Inmarsat, a UK public limited company in satellite communications (2017–2019)
- Deputy Chief Executive, Sales; Director, Eastern Europe; Director General, Asia and Middle East, Air Berlin, a German public limited company in aviation (2008–2017)
- Head of Sales, Germanwings, a German company in aviation (2006–2008)
- Head of Corporate Sales, Air Berlin, a German public limited company in aviation (2004–2006)
- Office Manager, Hapag-Lloyd Travel, a German limited company in travel (1998–1999)

Asma Talal J. Hamdan

Age:
40

Nationality:
Saudi

Position:
Chief Shared Services Officer

Joining date:
14 February 2016

Academic qualifications

- MBA, Prince Sultan University, Saudi Arabia, 2011
- Bachelor's in business administration, King Saud University, Saudi Arabia, 2007
- Leadership program, INSEAD, 2020
- Digital transformation program, University of Virginia, USA, 2019
- Art of negotiation program, Harvard University, USA, 2013
- International business program, Geneva Business School, Switzerland, 2008
- CME-1, Capital Market Authority, Saudi Arabia, 2023
- Six Sigma Black Belt, International Association for Six Sigma Certification, 2017
- Project Management Professional (PMP), Project Management Institute, 2011
- ITIL certification, EXIN, 2010
- iFsah professional certificate, Saudi Stock Exchange, 2024

Asma Talal J. Hamdan

Current positions

- Chief Shared Services Officer, the Company (since 2020)
- Board Member and Chairman of the Nomination and Remuneration Committee, Mobi Industry Company, a Saudi listed joint stock company in basic materials (since 2021)
- Board Member and Chairman of the Nomination and Remuneration Committee, Al Majal Al Arabi Group, a Saudi closed joint stock company in contracting and facilities management (since 2024)

Key previous professional experience

- Board Member, Jarir Marketing Company, a Saudi listed joint stock company in retail (2022–2025)
- Chief Information Officer, the Company (2018–2020)
- Vice President, Projects, the Company (2016–2018)
- Management Consulting Manager, Accenture, a listed company in consulting (2016)
- Sales Operations and Planning Manager, Hewlett-Packard (HP), a listed company in information technology (2013–2015)
- Financial Controller, Hewlett-Packard (HP), a listed company in information technology (2013)
- Project Manager, Hewlett-Packard (HP), a listed company in information technology (2011–2013)
- Planning and Support Analyst, Aramco, a listed company in energy (from July 2010 to September 2010)
- Business Strategic Planning Specialist, Paper House Trading Company, a private company in retail (2007–2011)

Sourav Sinha

Age:
59

Nationality:
Indian

Position:
Chief Information Officer (CIO)

Joining date:
3 April 2025

Academic qualifications

- Bachelor's in engineering, Indian Institute of Technology, India, 1989
- Master's in engineering management, Indian Institute of Technology, India, 1991

Current positions

- Chief Information Officer of the Company (since 2025)

Key previous professional experience

- Chief Information Officer and Founding Member, BeOnd Airline (Arabesque Aviation DWC LLC), a Maldivian limited liability company in aviation (2022–2024)
- Board Member, Societe Internationale de Telecommunications Aeronautiques (SITA), a Swiss cooperative company in aviation technology and telecommunications (2021–2022)
- Vice Chair and Member, Digital Transformation Board Advisory Council, International Air Transport Association (IATA), an international trade association (2020–2022)
- Chief Information Officer, IndiGo, an Indian public joint stock company in aviation (2018–2022)
- Senior Vice President, Information Technology, Oman Air, an Omani state-owned closed joint stock company in aviation (2013–2018)
- Member, Executive Advisory Board, Sabre Corporation, a US public company in aviation technology (2008–2018)
- Senior Vice President and Chief Information Officer, Kingfisher Airline, an Indian public joint stock company in aviation (2008–2013)
- Vice President (Head of Group IT), Qatar Airways, a Qatari state-owned closed joint stock company in aviation (2004–2008)
- Chief Executive Officer, Aviation Software Development Consultancy Ltd., a joint venture (Tata Consultancy Services and Singapore Airlines) in information technology (2001–2004)
- Country Manager, Tata Consultancy Services, an Indian public joint stock company in consulting (1998–2001)
- Senior Consultant and other roles, Tata Consultancy Services, an Indian public joint stock company in consulting (1991–2004)

Anurag Kumar Jain

Age:
52

Nationality:
Indian

Position:
Chief Strategy and Planning Officer

Joining date:
17 December 2017

Academic qualifications	• Fellowship in quantitative methods and information systems, Indian Institute of Management, Bangalore, India, 2006	• Bachelor's in chemical engineering, Kanpur University, India, 1994
Current positions	• Chief Strategy and Planning Officer of the Company (since 2017)	
Key previous professional experience	• Chief Strategy and Planning Officer, AirAsia India, an Indian company in aviation (2016–2017) • Chief Commercial Officer, TruJet, an Indian company in aviation (2014–2016) • Senior Vice President, Network Planning and Strategy Development, SpiceJet, an Indian public company in aviation (2013–2014) • Vice President, Commercial Strategy and Revenue Management, Kingfisher Airlines, an Indian public company in aviation (2011–2013) • Head of Revenue Optimization, SpiceJet, an Indian public company in aviation (2009–2011) • Head of Risk and Head of Revenue and Pricing, Kingfisher Airlines – Deccan Air, an Indian public company in aviation (2004–2009)	• Chemical Engineer, India Glycol Limited, an Indian company in petrochemicals (1995–1998) • Chemical Engineer, Chambal Fertilisers and Chemicals Ltd, an Indian company in fertilizers and chemicals (1994–1995)

Mousa Bahri

Age:
41

Nationality:
Saudi

Position:
Vice President of Marketing and Corporate Communications

Joining date:
18 February 2018

Academic qualifications

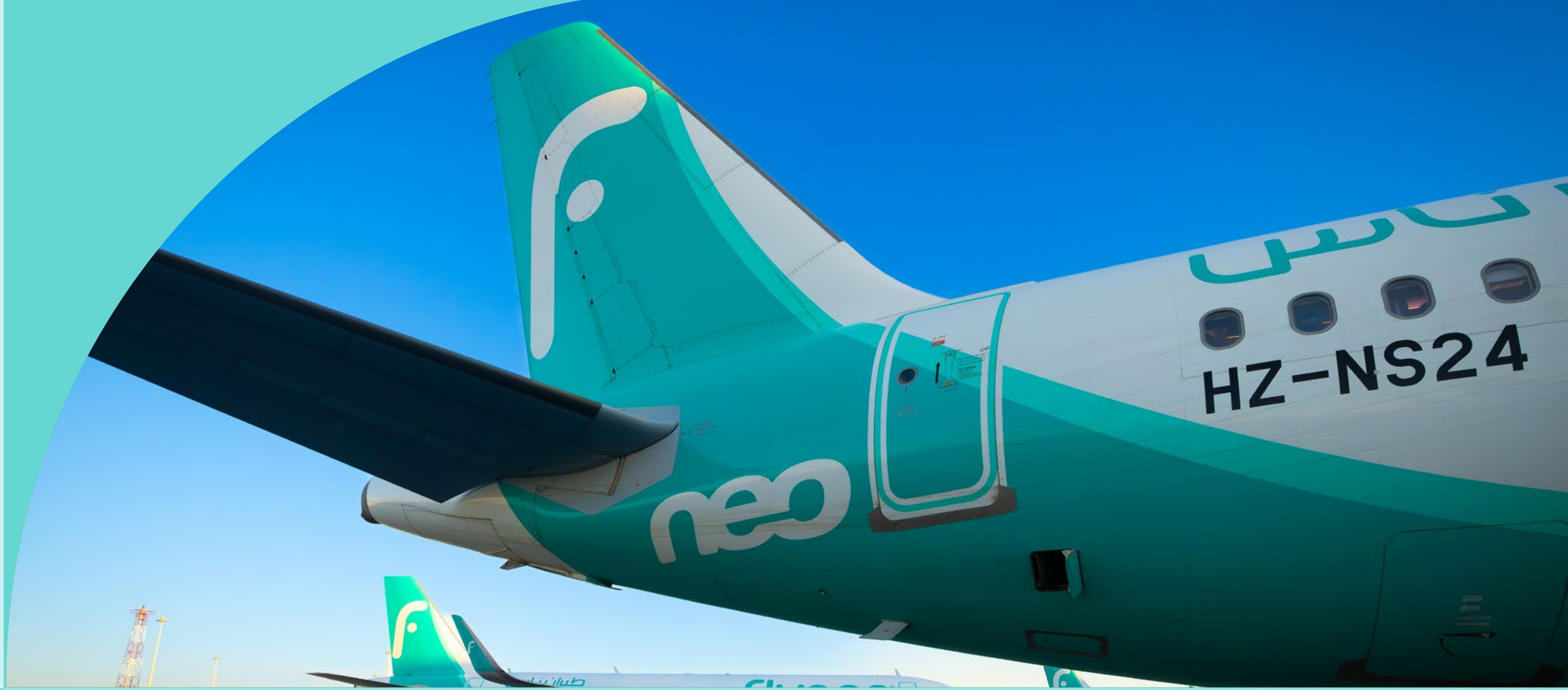
- Higher diploma in commercial aviation sciences, Al Zoman Aviation Institute, Saudi Arabia, 2006

Current positions

- Vice President, Marketing and Corporate Communications, the Company (since 2018)

Key previous professional experience

- Director, Communications Department, Ministry of Investment, a Saudi government entity in investment regulation and supervision (2017–2018)
- Acting Director, Marketing and Communications, the Company (2015–2017)
- Senior Manager, Marketing and Communications, the Company (2014–2015)
- Manager, Corporate Communications and Brand, the Company (2010–2014)
- Administrative Assistant, Samama Group Company, a Saudi holding company in construction, technical services, planning, real estate development, transportation, and health and medical projects (2009–2010)



Remuneration

Remuneration policy and governance

The Company has established a framework governing the remuneration of Board members, members of Board committees, and executive management. This framework is designed to support the attraction and retention of qualified individuals while aligning remuneration with the Company's performance and strategic objectives.

Oversight of remuneration matters is carried out by the Nomination and Remuneration Committee, which is responsible for reviewing and recommending the remuneration policy and associated practices. The Committee submits its recommendations to the Board of Directors for approval and, where required, to the General Assembly. It also monitors the implementation of the remuneration framework and reviews the alignment between remuneration awarded and the approved policy.

Remuneration for executive management comprises fixed and variable components, including base salary, allowances, and performance-related incentives. Remuneration for Board members and committee members is determined in accordance with approved policies and applicable regulatory requirements.

Reward and incentive program

The Company operates a cash-settled incentive and reward program applicable to employees, senior executives, members of the Board of Directors, and non-Board Committee members. The program is designed to motivate and reward individuals who have contributed to the Company's success and helped it achieve its objectives through the completion of the Initial Public Offering (IPO).

Incentives under the program are structured as cash-based rewards linked to the Company's IPO share price. The program has been approved by the Board of Directors and, where applicable, by the General Assembly.

The program is funded through the proceeds of the Company's IPO, specifically from the sale of 12,274,000 shares at an offer price of ⃁ 80 per share. These shares represented 23.95% of the total shares offered at the time of the IPO and comprised the sale of:

- all 8,320,237 treasury shares held by the Company, representing 5.42% of the Company's pre-IPO share capital, and
- 3,953,763 shares offered by existing shareholders on a pro rata basis, representing 2.58% of the Company's share capital, as part of the shares offered.

Under the terms of the program:

- 100% of the incentive amounts due to Directors, Board Committee members, and the Chief Executive Officer were paid at the time of listing, and
- 50% of the incentive amounts due to other employees (excluding the CEO) were paid at the time of listing, with the remaining 50% to be paid within 24 months following the listing date (18 June 2025).

Relationship between remuneration and policy

Remuneration awarded during the year was determined in accordance with the Company's approved remuneration policy and based on the recommendations of the Nomination and Remuneration Committee. The Company's remuneration structure incorporates both fixed and performance-related components, with variable remuneration linked to the achievement of corporate and individual performance objectives.

Waivers of remuneration: During the year, there were no arrangements or agreements under which any member of the Board of Directors or Executive Management waived any remuneration.

Remuneration of the board of directors

The following table presents the fixed remuneration paid to each Board member during the year. Variable remuneration related to the Company's Reward and Incentive Program is disclosed separately on an aggregate basis. Under this program, which vested upon the IPO, the Company recognized ⃁ 499,804,809 in relation to Board members and eligible committee members, excluding independent members.

Members of board of directors	Fixed remuneration						
	Specific amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remuneration for technical, managerial, and consultative work	Remuneration of the Chairman, Managing Director, or Secretary, if a member	Total
Independent Directors							
Mohammed Bin Saleh Albuty	550,000	12,000	10,500	0	0	0	572,500
Abdullah Fahd Abdulaziz Alfaris	480,000	6,000	1,500	0	0	0	487,500
Subtotal	1,030,000	18,000	12,000	0	0	0	1,060,000
Non-Executive Directors							
Ayed Thawab Manea Allah Aljeaid	480,000	12,000	3,000	0	0	0	495,000
Talal Ibrahim Ali Almaiman	480,000	12,000	3,000	0	0	0	495,000
Hamza Bahi Adeen Alsayed Alkholi	400,000	9,000	0	0	0	0	409,000
Subtotal	1,360,000	33,000	6,000	0	0	0	1,399,000
Executive Directors							
Bander Abdulrahman Almohanna	480,000	12,000	3,000	0	0	0	495,000
Subtotal	480,000	12,000	3,000	0	0	0	495,000
Total	2,870,000	63,000	21,000	0	0	0	2,954,000

All amounts are in ⃁.

Remuneration of committee members

Audit committee

Name	Position	Fixed remuneration (except for meeting attendance allowance)	Meeting attendance allowance	Total
Mohammed Bin Saleh Albuty	Chairman of the Audit Committee – Independent	150,000	10,500	160,500
Saleh Abdullah Saleh Alhenaki	Member of the Audit Committee – Non-Board Member	150,000	10,500	160,500
Fouad Abdullah Abdul Rahman Alrashed	Member of the Audit Committee – Non-Board Member	150,000	10,500	160,500
Khaled Saleh Fahd Alsabil	Member of the Audit Committee – Non-Board Member	150,000	10,500	160,500
Mamdouh Suleiman Eid Almajid	Member of the Audit Committee – Non-Board Member	150,000	10,500	160,500
Total		750,000	52,500	802,500

All amounts are in ⃁.

Nomination and remuneration committee

Name	Position	Fixed remuneration (except for meeting attendance allowance)	Meeting attendance allowance	Total
Abdullah Fahd Abdulaziz Alfaris	Chairman of the NRC Committee - Independent	80,000	1,500	81,500
Saleh Abdullah Saleh Alhenaki	Member of the NRC Committee- Non-Board Member	80,000	1,500	81,500
Saad Ibrahim Saad Almoosa	Member of the NRC Committee- Non-Board Member	80,000	1,500	81,500
Khaled Ahmed Ibrahim Althumairi	Member of the NRC Committee- Non-Board Member	80,000	1,500	81,500
Total		320,000	6,000	326,000

All amounts are in ⃁.

Executive committee

Name	Position	Fixed remuneration (except for meeting attendance allowance)	Meeting attendance allowance	Total
Ayed Thawab Manea Allah Aljeaid	Chairman – Non-Executive	80,000	3,000	83,000
Talal Ibrahim Ali Almaiman	Vice Chairman – Non-Executive	80,000	3,000	83,000
Bander Abdulrahman Almohanna	Managing Director – Executive	80,000	3,000	83,000
Total		240,000	9,000	249,000

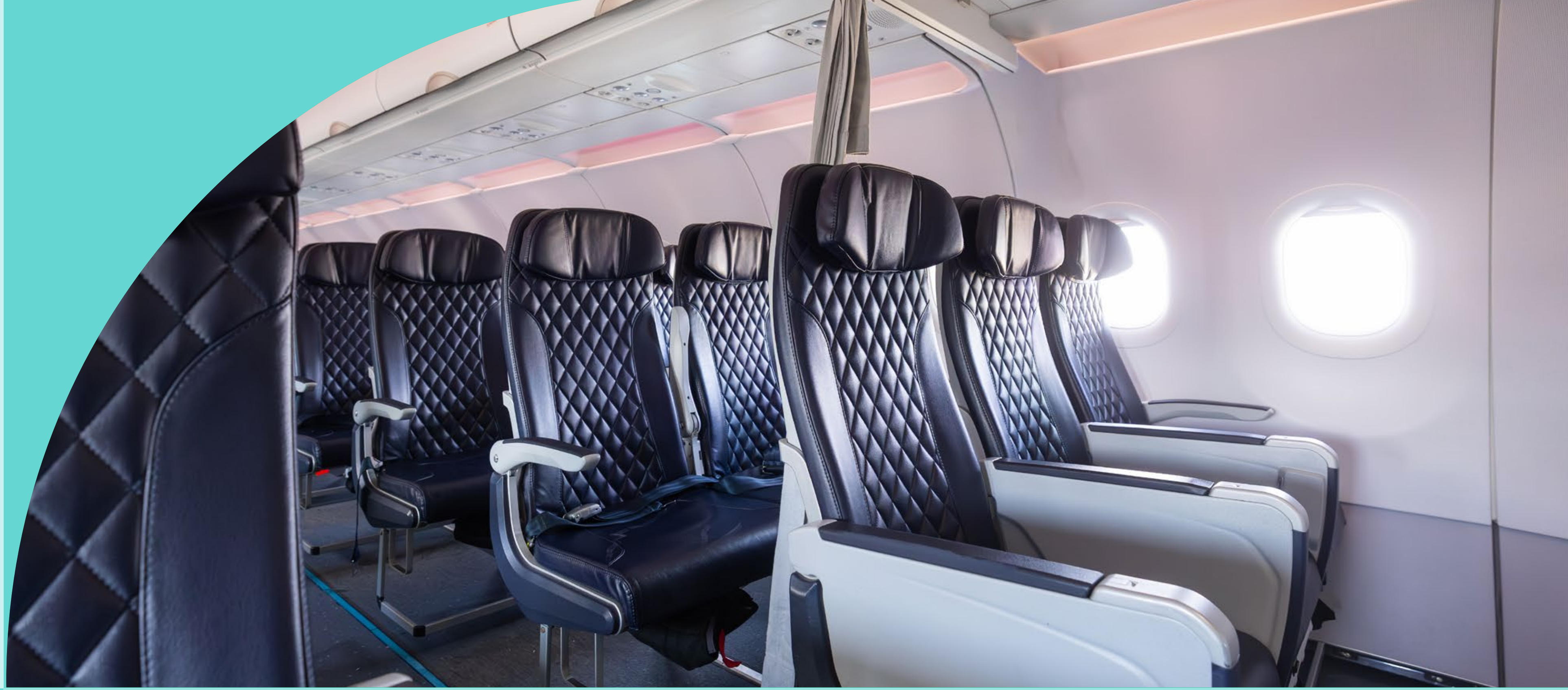
All amounts are in ⃁.

Remuneration of senior executives

The table below presents the remuneration paid to the Company's top five senior executives during the year. In addition, under the Reward and Incentive Program, which vested at the IPO, the Company incurred ⃁ 295,392,845 in relation to senior executives.

Remuneration of top 5 Senior Executives	Fixed remuneration				Variable remuneration							
	Salaries	Allowances	In kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Equity grants	Total	End of service rewards	Grand total
2025	8,362,800	4,057,000	0	12,419,800	0	0	7,762,800	0	0	7,762,800	0	20,182,600

All amounts are in ⃁.



Interests and related party transactions

Interests of board members and senior executives in the company's shares or debt instruments: The following tables show the ownership balances of the members of the Board of Directors and Executive Management, and their relatives (husband, wife, and minor children), in the Company's shares from the IPO Date (18 June 2025) to 31 December 2025. The Company and its subsidiaries have not issued any debt instruments.

Board member	Number of shares			change %
	18 June 2025 (IPO Date)	31 December 2025	Net change	
Mohammed Bin Saleh Albuty	–	–	–	–
Abdullah Fahd Abdulaziz Alfaris	–	–	–	–
Ayed Thawab Manea Allah Aljeaid	–	–	–	–
Talal Ibrahim Ali Almaiman	–	–	–	–
Hamza Bahi Adeen Alsayed Alkholi	3,029,836	3,057,227	27,391	0.9
Bander Abdulrahman Almohanna	–	15,696	15,696	100.0

Executive management	Number of shares			change %
	18 June 2025 (IPO Date)	31 December 2025	Net change	
Bander Abdulrahman Almohanna	–	15,696	15,696	100.0
Asma Talal J. Hamdan	–	8,000	8,000	100.0

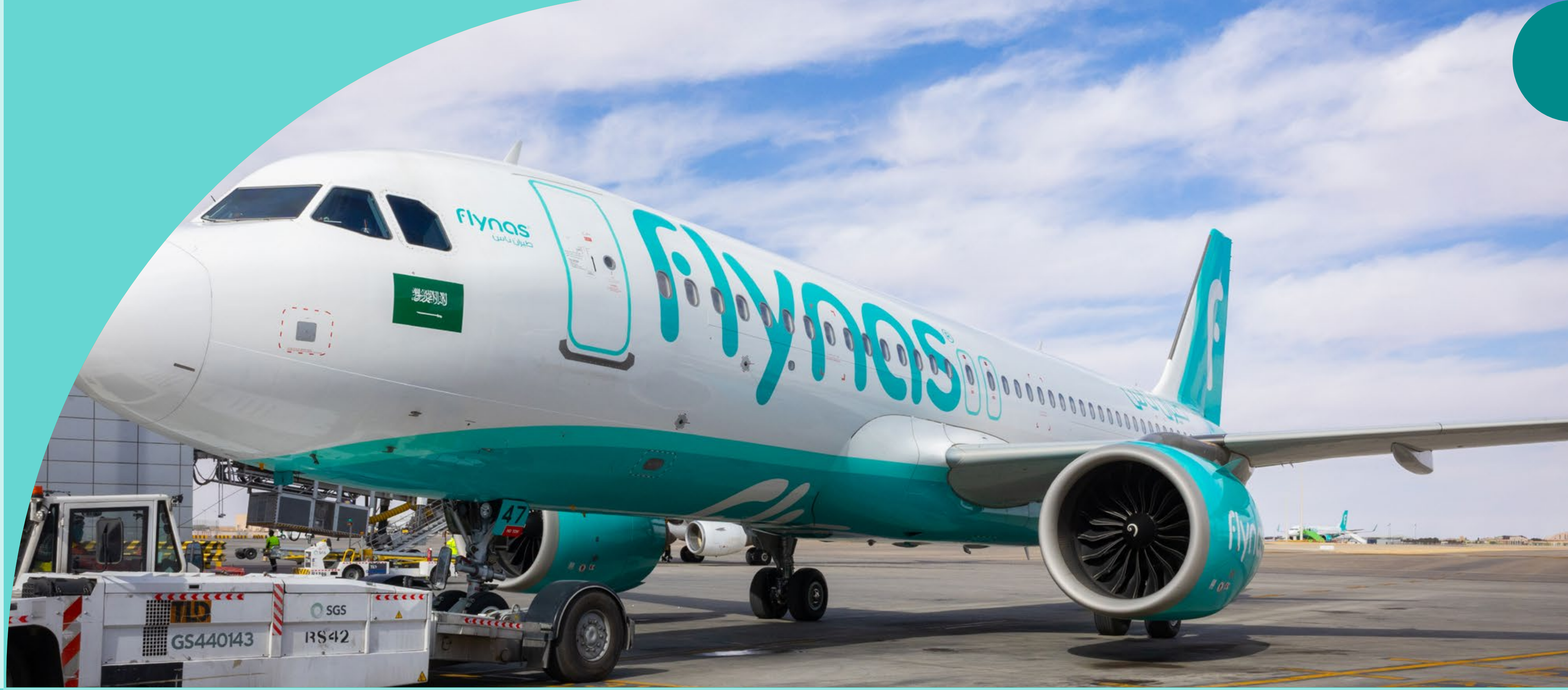
Governance of conflicts of interest: The Company maintains policies and procedures governing conflicts of interest, including requirements for Directors to disclose any direct or indirect interest in transactions and to abstain from participation in related decisions, in accordance with applicable laws and regulations.

Related party transactions: The table below sets out details of related party transactions entered into by the Company during the year.

SN	Related Party	Contract Party	Related Party's relationship type with the company	Type of interest	Transaction/Contract Nature	Amount	Transaction/ Contract Terms
1.	Mr. Talal Ibrahim Ali Almaiman (Vice Chairman – Non-Executive Director)	Banque Saudi Fransi (BSF)	Board Vice Chairman & Member	Indirect	Murabaha Loan Facility, Credit Facility pertaining to multi-purpose financing, payment guarantees and treasury product & Payment Gateway Services Arrangement	Murabaha Facility Balance = ⃁ 1,010,318,218; Financing Cost = ⃁ 78,897,297; Total Credit Facility = ⃁ 716,625,000.	No preferential or exceptional terms.
2.	Mr. Talal Ibrahim Ali Almaiman (Vice Chairman – Non-Executive Director)	BSF Capital	Board Chairman & Member	Indirect	Fee for acting as a lead manager, financial advisor and the underwriter for IPO	⃁ 45,325,016	No preferential or exceptional terms.
3.	Mr. Ayed Tahawab Manea Allah Aljeaid (Chairman – Non-Executive Director) Mr. Talal Ibrahim Ali Almaiman (Vice Chairman – Non-Executive Director) Mr. Hamza Bahiadeen Alsayed Alkholi (Board Member – Non-Executive Director) Mr. Bander Abdulrahman Almohanna (Managing Director and Board Member – Executive Director)	National Air Services (NAS Holding) Company	Board Members	Indirect	Portion of IPO Proceeds payable to Pre-IPO Shareholders settled against the receivable balance due from NAS Holding (through IPO Proceeds).	⃁ 150,000,000	No preferential or exceptional terms.
4.	Mr. Bander Abdulrahman Almohanna (Managing Director and Board Member – Executive Director)	NAS Private Aviation LLC.	Board Member	Indirect	Aircraft management services	⃁ 117,041,498	No preferential or exceptional terms.
5.	Mr. Bander Abdulrahman Almohanna (Managing Director and Board Member – Executive Director)	Saudi Arabian Navigation Services (SANS)	Board Member	Indirect	Air Navigation Services	⃁ 166,293,058	No preferential or exceptional terms.

Businesses or contracts involving interested persons: The Company was not a party during the year to any business or contract in which any Director, Senior Executive, or any person related to any of them had any interest requiring disclosure under the applicable regulatory requirements.

Competing business interests: No member of the Board of Directors or Senior Executive, nor any person related to them, was engaged during the year in any business or activity that competes with the Company or any of its lines of business requiring disclosure under the applicable regulatory requirements.



Additional disclosures

Corporate responsibility and social contributions

flynas adopts initiatives designed to deliver long-term social, environmental, and economic impact. As part of its commitment to promoting sustainable tourism, the Company recognizes the importance of responsible travel and its influence on both the environment and overall quality of life. flynas encourages its customers to be part of this journey by adopting responsible practices, including the use of digital solutions for booking, payment, and boarding passes, minimizing luggage, and utilizing recyclable materials onboard. In addition, the Company supports initiatives that generate sustainable impact, such as digital donation options available through its website.

The following are some of the initiatives undertaken by flynas in 2025 to achieve its corporate social responsibility objectives:

- flynas and the Saudi Investment Recycling Company (SIRC), a subsidiary of the Public Investment Fund, signed a memorandum of understanding (MoU) to explore partnership opportunities in sustainability and support the development of an advanced circular economy, in line with Saudi Vision 2030.
- The Company expanded its community support for the sports sector by sponsoring the Boccia Elite Championship and the Saudi Padel Committee for the 2025–2026 seasons, contributing to the development of a vibrant and prosperous society.
- flynas obtained ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) certifications across its major hubs in Riyadh, Jeddah, Dammam, and Madinah, demonstrating its readiness to meet global sustainability requirements for 2026.
- King Saud University signed a strategic partnership agreement with flynas to sponsor the University's Distinguished and Talented Students Program.
- The Company joined the United Nations Global Compact, becoming the first airline in Saudi Arabia and the first low-cost airline in the Middle East to join the world's largest corporate sustainability initiative, as part of its commitment to sustainability and in alignment with Saudi Vision 2030 and the Sustainable Development Goals (SDGs).
- flynas also joined the United Nations World Tourism Organization (UNWTO) as an affiliate member, becoming the first Saudi airline and the first low-cost carrier in the Middle East to join the organization, further enhancing its role in supporting sustainable global tourism.

Board declarations and regulatory compliance

The Board of Directors confirms that:

- the Company's accounting records have been properly maintained;
- the internal control system has been established on a sound basis and implemented effectively; and
- there are no significant doubts regarding the Company's ability to continue as a going concern.

External auditor's report reservations: The external auditor issued an unmodified opinion on the Company's annual financial statements, and the report did not contain any reservations.

Replacement of the external auditor: The Board did not recommend replacing the external auditor before the end of the term for which it was appointed during the year.

Sanctions and penalties: The following penalties were imposed on the Company during the year by the relevant authorities.

Authority	Amount (⃁)	Reason
Ministry of Interior (Passport Office)	22,457,000	Immigration fines related to Hajj 1446H (2025G)
General Authority of Civil Aviation (GACA)	75,000	Flight delay violation
Makkah Municipality	52,500	Municipality violations related to Hajj 1446H (2025G)
General Authority of Civil Aviation (GACA)	30,000	Non-refund of ticket value and compensation
General Authority of Civil Aviation (GACA)	10,000	Damaged luggage and non-adherence to time slots
Foreign Airports Authorities	4,352	Embarkation and airport penalties (Azerbaijan and Ethiopia)
Total	22,628,852	

Application of corporate governance regulations: The Company applied the provisions of the Corporate Governance Regulations issued by the Capital Market Authority of Saudi Arabia during the year, except for the provisions set out below, together with the reasons for non-implementation.

Article/paragraph no.	Article/paragraph text	Reason for non-implementation
Article 87 – Clause 8 Article 90 – Clause A – 4 – B	The Company shall disclose the remuneration of 5 senior Executives in detail pursuant to the appended schedule to the Corporate Governance Regulations pursuant to the appended schedule to the Corporate Governance Regulations	The Company has disclosed the components of senior executives' remuneration on an aggregate basis in accordance with the statutory requirements set out in subparagraph (B) of paragraph (4) of Article (90) of the Corporate Governance Regulations, with the aim of mitigating risks related to employee market competitiveness. Additionally, under the Reward and Incentive Program vested at the IPO, the Company has disclosed, on an aggregate basis, the amounts granted to all Board members and eligible committee members, in order to protect the Company's interests.
Article 67	Composition of the Risk Management Committee	Guiding articles: The Company's management continuously reviews its risk management policies to ensure the effective implementation of approved policies and programs and to mitigate potential risks. In addition, the Audit Committee oversees the effectiveness of risk management activities and ensures that the relevant systems operate efficiently across all levels of the Company.
Article 68	Competencies of the Risk Management Committee	
Article 69	Meetings of the Risk Management Committee	
Article 84	Social Responsibility	Guiding article.
Article 85	Social Initiatives	Guiding article: flynas continuously strives to engage in various social initiatives aimed at supporting the social and economic development of the communities in which it operates.
Article 92	Formation of a Corporate Governance Committee	Guiding article: The Board of Directors currently implements the Corporate Governance Regulations, monitors its implementation and verifies its effectiveness.

Additional financial and structural disclosures

Compliance with SOCPA-approved standards: The Company's financial statements were prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Accordingly, no inconsistency with SOCPA-approved standards was identified during the year.

Subsidiaries: The Company does not have any subsidiaries. Accordingly, no disclosure is required regarding subsidiary capital, ownership, activities, place of operations, place of incorporation, or shares and debt instruments issued by any subsidiary.

Statutory payments made and outstanding as at 31 December 2025:

Type of fee	2025		Description	Reasons
	Paid amount (⃁)	Outstanding amount as at year-end (⃁)		
Zakat, Tax and Customs Authority (ZATCA)	88,940,141	49,312,791	Represents Zakat, VAT and WHT.	Statutory requirement
General Organization for Social Insurance (GOSI)	45,091,397	6,994,257	Represents GOSI amounts paid or charged during the period in accordance with applicable laws and regulations.	Statutory requirement
Government fees	22,311,393	–	Represents government fees, including visas, passport, and labor office fees.	Statutory requirement

Investments or reserves for employee benefits: The Company recognizes end of service benefit obligations for its employees in accordance with applicable regulations, as disclosed in the financial statements. These obligations are not funded through separate investments or reserves. Accordingly, no investments or reserves have been set aside for the benefit of employees.

Treasury shares: The Company did not hold any treasury shares during the year following the IPO; accordingly, no details of the use of such shares are applicable.

Glossary

Note on Operating Indicators:
Unless otherwise indicated, the operating performance metrics below, including RASK, CASK, Load Factor, ASK, and RPK, refer only to flynas' Low-Cost Carrier (LCC) segment, which represents the Company's core scheduled passenger operations. These metrics are not reported for the Hajj or General Aviation segments due to the distinct nature of their business models.

A320neo: A fuel-efficient aircraft model produced by Airbus. "Neo" stands for "New Engine Option" and denotes newer-generation technology with improved fuel economy.

Adjusted EBITDA: EBITDA excluding non-recurring items such as IPO-related charges. It provides a normalized view of underlying operational profitability. Calculated as EBITDA less IPO-related charges.

Adjusted Net Profit: Net profit excluding one-off or non-operating items. Calculated as reported net profit less IPO-related charges.

AOG (Aircraft-on-Ground): Refers to an aircraft that is temporarily grounded due to technical or maintenance issues.

ASK (Available Seat-Kilometers; supply): A measure of airline capacity, calculated as the number of available seats multiplied by the kilometers flown. It reflects the total passenger-carrying capacity of the airline.

CASK (Cost per Available Seat-Kilometer): Unit cost per seat-kilometer flown, calculated by dividing total operating costs by ASKs. It measures cost efficiency for the LCC segment.

Dry Lease: A lease of the aircraft only, without crew or services, typically over a longer term.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization): A measure of operating performance that shows earnings before the impact of financing decisions, tax structure, and non-cash depreciation and amortization expenses. Calculated as operating profit plus depreciation and amortization.

ESOP (Employee Share Option Plan): A compensation program under which employees receive company shares. In this earnings release, it refers to a one-off post-IPO grant recognized in G&A as a non-recurring item.

Fleet: Refers to the number of aircraft in operation. It includes both owned and leased aircraft, including dry and wet leases. It excludes short-term wet leases related to Hajj operations.

Load Factor (%): The percentage of available seat-kilometers that is actually filled with passengers. It is calculated as Revenue Passenger-Kilometers (RPK) divided by ASK.

Net Debt: Total debt less cash and cash equivalents. It represents the net financial obligations of the Company.

PAX (Passenger Traffic): The total number of paying passengers transported during a given period.

RASK (Revenue per Available Seat-Kilometer): Unit revenue generated per available seat-kilometer. It reflects yield strength and pricing dynamics within the LCC segment.

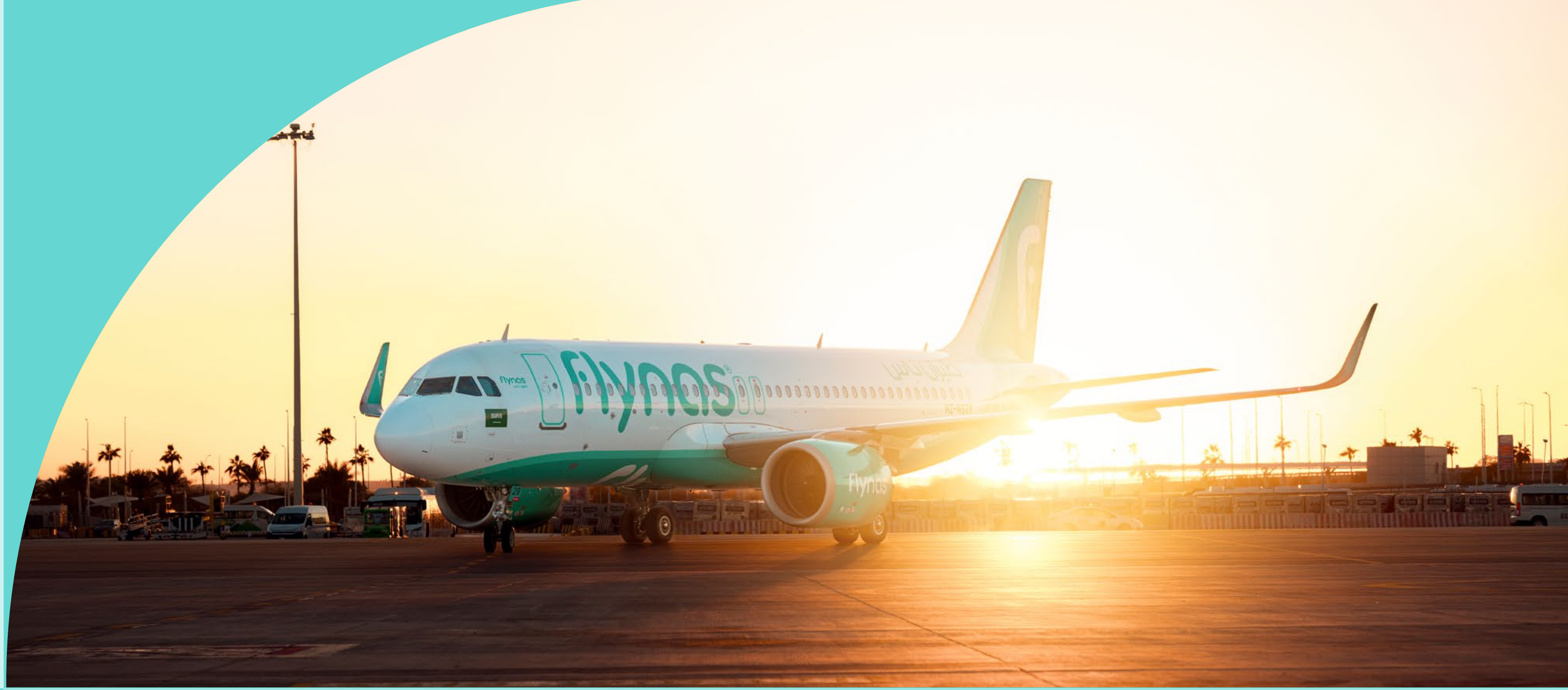
RPK (Revenue Passenger-Kilometers; demand): The number of paying passengers multiplied by the kilometers traveled. It measures actual demand and is used to calculate load factor.

Sale-and-Leaseback Gain: Profit earned from selling an owned aircraft and then leasing it back.

Total Debt: The sum of all interest-bearing liabilities, including bank loans and lease obligations.

Total Revenue: Total income earned from all operating segments, including flynas LCC, flynas Hajj, and flynas General Aviation.

Wet Lease: A leasing arrangement under which the aircraft, crew, maintenance, and insurance are provided by the lessor. It is used to meet seasonal or operational demand.



Financial statements

Independent auditor's report

pwc

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, 2025, 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, 2025;
- 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"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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CR no.1010371622, UN No.7000928734, Capital of 500,000 SAR National address: 2537 Mohammad Ibn Fuhayd St secondary no. 7912, West Umm Al Hamam Dist, postal code 12329 Riyadh, Kingdom of Saudi Arabia

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Independent auditor's report to the shareholders of Flynas Company (continued)

Our audit approach

Overview

Key Audit Matters	• Measurement of Aircraft related provisions (heavy maintenance and return-condition costs) • Revenue recognition for Flynas Low-Cost Carrier (LCC) segment

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Measurement of Aircraft related provisions (heavy maintenance and return-condition costs) The Company has recognised Aircraft related provisions amounting to Saudi Riyals 3.4 billion as at December 31, 2025. These provisions arise from the Company's lease arrangements, under which it is contractually committed either to return aircraft in a specified condition or to compensate the lessor based on the actual condition of the aircraft and its major components upon return.	We assessed Aircraft related provisions by performing the following procedures: • Obtained an understanding of contractual terms relating to the lease terms to return the aircraft in a specified condition, and evaluated, the process used to determine the provision, including key input data, assumptions, and significant judgements and estimates. • Inspected a sample of lease agreements (with emphasis on new contracts entered into during 2025) and ensured management's mapping of the redelivery/return-condition clauses to the underlying provisioning calculations. • Compared cost assumptions for airframe checks, engine performance restorations, LLP replacement cycles, landing gear and APU overhauls, and related escalations to recent vendor invoices (where applicable) and contractual terms from the relevant agreements.

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Independent auditor's report to the shareholders of Flynas Company (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
The measurement of the aircraft-related provision requires management to exercise judgement when assessing aircraft utilisation patterns (expected flight hours and cycles) and when determining the anticipated timing of major maintenance events such as airframe checks, engine performance restorations, life-limited parts (LLP) replacement cycles, and overhauls of landing gear and Auxiliary Power Units (APU), as well as evaluating the return-condition requirements stipulated in the lease agreements. The related cost components, including market pricing for these maintenance activities, inflationary escalations, and the discount rate applied in determining the present value of the provision, represent key estimation inputs subject to inherent uncertainty. Given the inherent level of judgement involved and the sensitivity of the provision to these estimation variables, we considered the measurement of aircraft related provisions to be a key audit matter. Refer to Note 3.14 and Note 3.17 for the accounting policies, Note 4.1.3, 4.2 (ii) and 4.2 (iii) for the significant judgements and estimates required in calculating the Aircraft related provisions, and Note 17 for the specific disclosures relating to the Aircraft related provisions in the accompanying financial statements.	• Validated key utilisation inputs (flight hours and cycles) to independent non-financial data sources; and tested the integrity of those sources. • Performed a look-back test to assess the accuracy of past estimates by comparing prior period assumptions to actual data. • Assessed the sensitivity analysis performed by the management over costs, utilization and escalation assumptions considered most exposed to estimation uncertainty and assessed the impact of reasonably possible changes. • Assessed the methodology used by management to discount the gross provision to present value using appropriate discount rate. • Re-performed the present-value calculations supporting the provision. • Assessed the adequacy of the related disclosures regarding significant judgements and estimates made in determining Aircraft related provisions.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition for Flynas Low Cost Carrier (LCC) segment Revenue from contracts with customers, specifically the commercial scheduled flights operations (Flynas LCC), represents the Company's core offering and the majority of its revenue (approximately Saudi riyals 7.1 billion of Saudi riyals 7.8 billion revenue recognized during the year ended December 31, 2025). Given this financial significance, the very high volume of automated transactions flowing from the passenger service/booking platform into the ERP, this area required significant audit attention. Furthermore, the migration undertaken within the Company's financial reporting environment during the year required specific consideration of the related Information-Technology (IT) general controls, interfaces and data-migration processes. Because of these factors, we considered revenue recognition for Flynas LCC operations to be a key audit matter. Refer to Note 3.12 and Note 3.13 for the accounting policies, and Note 22 for the related disclosures in the accompanying financial statements.	We assessed revenue recognition by performing the following procedures: • Obtained and evaluated understanding of the revenue (Flynas LCC) process, from booking and ticketing through to recognition in the general ledger, including the interfaces and reconciliations between the passenger service/booking platform and the ERP environment. • Obtained an understanding of the key controls over the revenue recognition process and tested the operating effectiveness of such controls identified over revenue recognition. • Assessed relevant IT general controls and key application controls over revenue processing. In light of the migration within the Company's ERP environment during the year, we evaluated change management, access provisioning and data-migration reconciliations, and considered the results of independent assurance provided over relevant third-party system. • Performed substantive audit procedures on a sample basis to verify that revenue was recognised in accordance with IFRS 15. • Assessed the adequacy of disclosures relating to revenue accounting policies and revenue recognition in accordance with IFRS 15.

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Independent auditor's report to the shareholders of Flynas Company (continued)

Other information

Management is responsible for the other information. The other information comprises the Company's annual report for the year ended December 31, 2025 (the "Annual Report") but does not include the financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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.

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Independent auditor's report to the shareholders of Flynas Company (continued)

Auditor's responsibilities for the audit of the 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 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.

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

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

PricewaterhouseCoopers

Waleed A Alhidiri
License Number 559

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PRICEWATERHOUSECOOPERS
CERTIFIED PUBLIC ACCOUNTS
C.R.: 1010371622

March 10, 2026

Statement of financial position

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	As at 31 December, 2025	As at 31 December, 2024
Assets			
Non-current assets			
Intangible assets	7	2,000,000,000	2,000,000,000
Aircraft, equipment and fixtures	5	2,595,157,899	1,537,308,381
Right-of-use assets	6	7,694,313,025	7,830,739,267
Deposits for aircraft	9	17,314,070	37,500,760
Total non-current assets		12,306,784,994	11,405,548,408
Current assets			
Stores and spares	8	1,998,343	2,596,940
Deposits for aircraft	9	48,843,986	9,063,750
Trade receivables	10	360,164,173	238,566,986
Prepayments and other current assets	11	306,102,395	117,381,671
Bank deposits	12	56,250,000	56,250,000
Cash and cash equivalents	12	4,142,981,409	1,700,326,378
Total current assets	2.2	4,916,340,306	2,124,185,725
Total assets		17,223,125,300	13,529,734,133
Equity and liabilities			
Equity			
Share capital	13	1,708,518,930	1,534,250,000
Share premium, net	13	1,190,734,840	–
Statutory reserve	14	43,500,959	43,500,959
Retained earnings		607,011,137	65,295,300
Total equity		3,549,765,866	1,643,046,259

	Note	As at 31 December, 2025	2024
Liabilities			
Non-current liabilities			
Trade and other payables	15	130,316,621	-
Lease liabilities	16	4,950,243,105	5,305,802,553
Aircraft related provisions	17	3,115,517,040	3,099,020,390
Loans	19	1,054,715,135	100,743,750
Employees' end of service benefits liabilities	20	316,852,389	267,868,028
Total non-current liabilities		9,567,644,290	8,773,434,721
Current liabilities			
Trade and other payables	15	1,800,422,747	1,558,341,586
Lease liabilities	16	1,039,982,124	507,661,044
Aircraft related provisions	17	310,285,694	297,794,229
Loans	19	429,477,828	324,487,500
Contract liabilities	18	525,546,751	424,968,794
Total current liabilities	2.2	4,105,715,144	3,113,253,153
Total liabilities		13,673,359,434	11,886,687,874
Total equity and liabilities		17,223,125,300	13,529,734,133

The accompanying notes 1 to 37 form an integral part of these financial statements.

Chairman
Ayed Thawab Aljeaid

Chief Executive Officer
Bander Almohanna

Chief Financial Officer
Ramzi Zaroubi

Statement of profit or loss and other comprehensive income

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	22	7,844,307,533	7,556,068,990
Cost of revenue	23	(6,361,162,335)	(6,087,565,506)
Gross profit		1,483,145,198	1,468,503,484
Selling and marketing expenses	24	(281,378,946)	(252,169,264)
General and administrative expenses	25.1	(228,578,502)	(257,828,584)
General and administrative expenses – (non-recurring)	25.2	(1,082,967,516)	–
General and administrative expenses – (total)		(1,311,546,018)	(257,828,584)
Reversal/(provision) for expected credit losses	10.1, 11.2	9,159,180	(26,311,879)
Gain on sale of aircraft, equipment and fixtures	5.2.1, 6.3	75,638,740	130,670,897
Net foreign exchange loss		(2,033,656)	(17,753,376)
Operating (loss)/profit		(27,015,502)	1,045,111,278
Finance income	26	163,691,760	104,514,865
Finance cost	27	(628,119,799)	(692,933,934)
(Loss)/profit before zakat		(491,443,541)	456,692,209
Zakat expense	21	(35,556,070)	(23,182,615)
(Loss)/profit for the year		(526,999,611)	433,509,594
Other comprehensive (loss)/income			
Items that will not to be reclassified to statement of profit or loss in subsequent periods:			
Remeasurement loss on employees' end of service benefits liabilities	20.4	(14,252,068)	(16,580,857)
Total comprehensive (loss)/income for the year		(541,251,679)	416,928,737
(Loss)/earnings per share from profit attributable to the shareholders			
Basic and diluted (loss)/earnings per share	34	(3.22)	2.99

The accompanying notes 1 to 37 form an integral part of these financial statements.

Chairman
Ayed Thawab Aljeaid

Chief Executive Officer
Bander Almohanna

Chief Financial Officer
Ramzi Zaroubi

Statement of changes in equity

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserves	Retained earnings	Employee share based payment reserves	Net equity
At 1 January 2024		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 31 December 2024		1,534,250,000	–	43,500,959	65,295,300	–	1,643,046,259
At 1 January 2025		1,534,250,000	–	43,500,959	65,295,300	–	1,643,046,259
Total comprehensive income for the year							
Loss for the year		–	–	–	(526,999,611)	–	(526,999,611)
Other comprehensive loss for the year		–	–	–	(14,252,068)	–	(14,252,068)
Total comprehensive loss for the year		–	–	–	(541,251,679)	–	(541,251,679)
Increase in capital		174,268,930	1,219,882,510	–	–	–	1,394,151,440
Transactions costs related to issuance of new shares	13	–	(29,147,670)	–	–	–	(29,147,670)
Contribution from pre-IPO shareholders					101,047,516		101,047,516
Funded Employees Share Based Payment Program	13	–	–	–	–	981,920,000	981,920,000
Vesting of Employees Share Based Payment Program		–	–	–	981,920,000	(981,920,000)	–
At 31 December 2025		1,708,518,930	1,190,734,840	43,500,959	607,011,137	–	3,549,765,866

The accompanying notes 1 to 37 form an integral part of these financial statements.

Chairman
Ayed Thawab Aljeaid

Chief Executive Officer
Bander Almohanna

Chief Financial Officer
Ramzi Zaroubi

Statement of cash flows

(All amounts are in Saudi Riyals unless otherwise stated)

	Note	Year ended 31 December, 2025	2024
Cash flows from operating activities			
(Loss)/profit for the year before zakat		(491,443,541)	456,692,209
Adjustments for:			
Depreciation on aircraft, equipment and fixtures	5	84,601,361	48,251,345
Depreciation on right-of-use assets	6	1,373,625,955	1,084,686,363
Provision for employees' end of service benefits liabilities	20.4	51,585,721	43,495,296
Employee share based payment plan	13	981,920,000	-
Finance income	26	(163,691,760)	(104,514,865)
Finance cost	27	628,119,799	692,933,934
Gain on sale of aircraft, equipment and fixtures	5.2.1, 6.3	(75,638,740)	(130,670,897)
(Reversal)/provision for expected credit losses	10.1, 11.2	(9,159,180)	26,311,879
		2,379,919,615	2,117,185,264
Operating cash flows before working capital changes			
Stores and spares		598,597	574,719
Deposits for aircraft		(19,593,546)	44,840,906
Trade receivables		(112,438,007)	34,788,739
Prepayments and other current assets		(188,720,724)	2,648,051
Trade and other payables		241,444,841	(348,645,027)
Aircraft related provisions		(397,927,185)	(61,984,436)
Contract liabilities		100,577,957	89,777,722
Payment against employee share based program		(721,512,244)	-
Operating cash flows generated after changes in working capital		1,282,349,304	1,879,185,938
Employees' benefits paid	20.4	(16,853,428)	(23,709,928)
Finance income received		163,025,475	71,615,317
Net cash flows generated from operating activities		1,428,521,351	1,927,091,327

	Note	Year ended 31 December, 2025	2024
Cash flows from investing activities			
Acquisition of aircraft, equipment and fixtures excluding pre-delivery payments		(1,083,874,626)	(165,824,580)
Pre-delivery payments made for aircraft		(692,625,394)	(549,787,500)
Refund of pre-delivery payments for aircraft		200,625,000	240,750,000
Net cash flows associated with acquisition of aircraft, equipment and fixtures		(1,575,875,020)	(474,862,080)
Proceeds from manufacturer credits and sale of aircraft, equipment and fixtures		433,424,141	133,084,431
Net cash flows used in investing activities		(1,142,450,879)	(341,777,649)
Cash flows from financing activities			
Payment of lease liabilities – principal element	16	(781,838,483)	(453,975,655)
Receipt of loan	30.2	1,623,000,000	–
Proceeds from issuance of new shares	13	2,376,071,440	–
Cost of issuance of new shares	13	(29,147,670)	–
Repayment of loan	30.2	(562,563,117)	(419,487,500)
Finance cost paid		(468,937,611)	(462,012,544)
Net cash flows generated from/(used in) financing activities		2,156,584,559	(1,335,475,699)
Net increase in cash and cash equivalents		2,442,655,031	249,837,979
Cash and cash equivalents at the beginning of the year		1,700,326,378	1,450,488,399
Cash and cash equivalents at the end of the year	12	4,142,981,409	1,700,326,378
Supplemental non-cash transactions during the year:			
Additions to right-of-use assets	6	1,472,174,405	1,205,144,145
Modification to right-of-use assets and lease liabilities	6,16	–	34,196,618
Additions to lease liabilities	16	1,197,426,890	708,192,768
Additions to aircraft related provisions	17	304,252,924	447,209,611
Capital contribution from pre-IPO shareholders	13.4, 25.2	101,047,516	–

Chairman
Ayed Thawab Aljeaid

Chief Executive Officer
Bander Almohanna

Chief Financial Officer
Ramzi Zaroubi

The accompanying notes 1 to 37 form an integral part of these financial statements.

Notes to the financial statements

(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 at 8018 Ar Rabi, Riyadh 13316-4040, KSA. The accompanying financial statements include 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
9.	2025163001	International	Bangladesh

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 issued by the General Authority of Civil Aviation (“GACA”) of KSA.

On 5 May 2025, the Company formally announced its intention to proceed with the Initial Public Offering (“IPO”) through the sale of 33,828,675 existing ordinary shares by its pre-IPO shareholders on a pro-rata basis, and the issuance of 17,426,983 new shares by increasing the share capital from ⃁ 1,534,250,000 to ⃁ 1,708,518,930. Consequently, as a result of this IPO, the pro-rata share (34%) of the IPO cost relating to the new shares were deducted from equity in accordance with IAS 32. Also refer to Note 13.

The Company announced the commencement of the institutional book-building period from 12 May 2025 to 18 May 2025, and the retail subscription period from 28 May 2025 to 1 June 2025, with an offer price of ⃁ 80 per share. The allocation of shares to new investors was completed on 3 June 2025, and trading of the Company’s shares on the Saudi Exchange commenced on 18 June 2025.

1. Corporate information (continued)

The IPO comprised the following components:

Shareholders	Pre-Offering			Post-Offering		
	Number of shares	Ownership (%)	Nominal value ⃁	Number of shares	Ownership (%)	Nominal value ⃁
Pre-IPO Shareholders	145,104,763	94.58	1,451,047,630	119,596,325	70.00	1,195,963,250
Treasury Shares (Company)	8,320,237	5.42	83,202,370	–	0.00	–
Public	–	0.00	–	51,255,568	30.00	512,555,680
Total	153,425,000	100.00	1,534,250,000	170,851,893	100.00	1,708,518,930

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 issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (hereafter 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 31 December 2025, the Company had a favorable net current asset position of ⃁ 810.6 million, reflecting a strong liquidity position. The Company maintains a significant cash balance of ⃁ 4,142 million, which is expected to adequately meet operational and financial commitments as they fall due.

For the year ended 31 December 2025, the Company reported a net loss of ⃁ 527 million, primarily driven by a non-recurring Share-Based payment expense of ⃁ 981.9 million recognized under the Employee Share Based Payment Program, and IPO-related transaction costs amounting to ⃁ 101.1 million. Excluding these one-off charges, the Company remained operationally profitable. Management expects that profitability and cash flows will continue to remain in future (excluding these one-off items).

Additionally, the Company holds contract liabilities of ⃁ 525.5 million, primarily comprising customer advances expected to be recognized as revenue in the normal course of business in the coming periods. These liabilities do not represent immediate cash obligations, and their settlement will generate corresponding revenue.

Further, the Company has access to an undrawn Murabaha facility of ⃁ 281.2 million and an undrawn facility of ⃁ 501 million against the purchase of aircraft, which enhances its financial flexibility and liquidity position.

Based on these factors, the Board of Directors is confident that the Company has sufficient resources to continue as a going concern for the foreseeable future. Accordingly, these 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.

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

3. Material accounting policies (continued)

3.1 Classification of assets and liabilities to current and non-current (continued)

- 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 Aircraft, equipment and fixtures

Aircraft, equipment and fixtures are stated at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase price and any directly attributable costs incurred in bringing the asset to its working condition for its intended use. Manufacturer credits, if any, received in connection with the acquisition of aircraft and engines are deducted from the cost of the related assets unless the credits are to compensate for reimbursement of incremental operating 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 capitalization. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs on pre-delivery payments are expensed unless the expected period from incurring pre-delivery payments to delivery is greater than one year.

Aircraft componentization

During the year, the Company acquired owned aircraft which are classified as owned assets. In line with IFRS requirements, the aircraft have been componentized into significant parts based on their differing useful lives and maintenance profiles. Specifically, the aircraft are segregated into the following components:

- Airframes (including D-checks), Auxiliary Power Units (APU) and Landing Gears (LG); and
- Engines which are further componentized into Life Limited Parts (LLPs) and Engine Performance Restoration (EPR) costs.

The total acquisition cost of the aircraft is allocated to these components based on management's best estimates of their relative values, using internal assessments, external valuation data, and industry benchmarks. This approach is intended to reflect the distinct economic consumption patterns and maintenance requirements of each component.

Subsequent expenditures

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Routine repairs and minor maintenance are expensed as incurred.

Significant maintenance events, such as engine performance restorations, LLP replacements, and APU or overhauls, are capitalized when they meet the recognition criteria under IAS 16, and depreciated over their expected useful life or the period until the next major maintenance event, whichever is shorter. The previously recognized component is derecognized at the time of the next major maintenance event.

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.

An item of aircraft, equipment and fixtures is tested for impairment if any indicator is identified. Refer to Note 3.11 for details.

3. Material accounting policies (continued)

3.2 Aircraft, equipment and fixtures (continued)

Subsequent expenditures (continued)

An item of aircraft, 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, 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 recognized 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 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 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.

3.4 Financial instruments

3.4.1 Financial assets

Classification

The financial assets of the Company comprise 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.

In addition, derivative financial instruments are classified at fair value through profit or loss ("FVTPL") unless designated as hedging instruments in a qualifying hedge relationship under IFRS 9.

3. Material accounting policies (continued)

3.4 Financial instruments (continued)

3.4.1 Financial assets (continued)

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 the 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 recognized 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 a 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.

3. Material accounting policies (continued)

3.4 Financial instruments (continued)

3.4.2 Financial liabilities (continued)

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.

3.4.4 Derivative financial instruments

Derivative financial instruments are contracts whose value changes in response to an underlying variable (such as commodity prices), require little or no initial net investment relative to other contracts with similar exposure, and are settled at a future date. Derivatives are recognized at fair value on the date the Company becomes a party to the contractual provisions of the instrument (generally the trade date) and are subsequently remeasured at fair value at each reporting date.

Derivatives that are not designated as hedging instruments in a qualifying hedge relationship under IFRS 9 are classified and measured at fair value through profit or loss (FVTPL). All fair value gains and losses are recognized in profit or loss and presented within “Other gains/(losses)”.

For purchased options, the premium paid represents the initial fair value of the derivative and is included within the carrying amount of the derivative asset.

Derivative financial assets and liabilities are presented as current or non-current based on the expected timing of settlement/cash flows.

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 recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, then they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance.

3. Material accounting policies (continued)

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, and 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 is 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.

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.

3. Material accounting policies (continued)

3.11 Impairment of non-financial assets

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, 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 Low Cost Carrier (LCC), flynas Hajj, 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 cannot 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.

3. Material accounting policies (continued)

3.12 Revenue recognition (continued)

flynas LCC: (continued)

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 program that provides loyalty miles to program 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 program" 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.

flynas Hajj:

Special flights for Hajj season

A part of flynas Hajj 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 is 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 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 recognized 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 recognized 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 include the 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 recognized 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 goods or services.

3. Material accounting policies (continued)

3.12 Revenue recognition (continued)

Principal vs agent (continued)

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 following 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

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 redelivery. At lease commencement, the present value of the expected cost for each restoration obligation is recognized 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;

3. Material accounting policies (continued)

3.14 Leases (continued)

General lease accounting (continued)

- 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.

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 derecognized , 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, 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 recognized and capitalized as part of the right-of-use asset and depreciated over the lease term. The expected costs of restoration that are 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

3. Material accounting policies (continued)

3.14 Leases (continued)

Heavy maintenance accounting: (continued)

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 recognized 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 recognized 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.

Flight-hour/pay-by-the-hour (PBH/FHA) engine maintenance arrangements:

The Company enters into PBH/FHA arrangements with engine maintenance providers under which maintenance services are provided for contractually defined rates.

- Payments related to scheduled engine restorations (EPR/LLP) that accumulate as credits or are off-settable against the next shop visit are recognized as advances for aircraft maintenance until the related maintenance asset is created; thereafter, such amounts are first used to settle the relevant Aircraft related Provision (to the extent provided) with any excess capitalized within 'Maintenance assets and redelivery cost' in right-of-use assets. Amounts that do not build credits (including usage-based rates without offset rights) are expensed as incurred.
- Payments for guaranteed coverage of unscheduled events are treated as insurance-like premiums and expensed as incurred.

Supplier credits and compensation arrangements (if any) are accounted for based on the substance of the arrangement and the nature of the underlying costs. Where supplier credits represent reimbursement of actual, direct and incremental costs incurred by the Company, the credits are recognized in profit or loss as a reduction of the related expense line item to which the reimbursed costs relate.

Where supplier credits are contractually settled solely through application against future supplier invoices (i.e., no cash settlement), amounts contractually receivable but not yet utilized at the reporting date are recognized as prepaid balances within 'Prepaid – other (non-financial assets)' line item under 'Prepaid and other current assets'. Such prepaid balances are applied against future invoices when utilized and are released to profit or loss in the period in which the related costs are recognized as a reduction of the relevant expense line item.

3.14.1 Leases – Application of practical expedient for non-lease components

The Company enters into aircraft lease agreements that include composite charges covering both the lease of the aircraft (the right to use the airframe and engines) and bundled operational services such as maintenance, crew services, and insurance. Based on the contractual pricing structure, these arrangements typically include both lease and non-lease components.

As permitted by paragraph 15 of IFRS 16, the Company has elected to apply the practical expedient to account for the entire contractual lease payment, including service components, as a single lease component without separating the non-lease elements. This election is applied consistently to all qualifying aircraft lease contracts with composite pricing structures of similar nature.

By applying this practical expedient, the Company:

- Recognizes the full contractual lease payment (covering aircraft, maintenance, crew, and insurance) as part of the right-of-use asset and corresponding lease liability on initial recognition.
- Measures the right-of-use asset and lease liability based on the total consideration specified in the contract, without allocating amounts to non-lease services separately.

3. Material accounting policies (continued)

3.15 Loans

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized 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 recognized 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 recognized initially at fair value and subsequently measured at amortized 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 recognized 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 recognized 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

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 2023, 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.

3. Material accounting policies (continued)

3.19 Statutory reserve (continued)

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.

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 recognized in the statement of profit or loss on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized 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. 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.

3.28 Cash-settled Share-Based payment transactions

The Company may grant cash-settled Share-Based payment awards to employees and other eligible participants. These arrangements entitle participants to receive amounts in cash that are based on the price (or value) of the Company's equity instruments.

Such arrangements are classified as cash-settled Share-Based payments. The Company recognizes a liability for the services received, which is initially measured at the fair value of the liability on the grant date. The liability is remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss.

The corresponding expense is recognized over the vesting period, if any, during which the employees and other eligible participants become unconditionally entitled to the payment. The liability is classified as current or non-current based on the expected timing of the settlement.

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 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.

4.1.2 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 derecognized, 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.

4. Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

4.1.2 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.

4.1.3 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, and 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 right-of-use 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 right-of-use asset, the component is not separately depreciated.

4.1.4 Componentization, cost allocation, and residual value assumptions for owned aircraft

The Company applies a componentization approach to its owned aircraft, whereby significant parts of the aircraft, such as airframes, engines, APU, LG, LLPs and engine performance restoration costs are identified and depreciated separately based on their respective useful lives and maintenance requirements.

This componentization involves management judgment in:

- Identifying and defining significant components;
- Determining the appropriate useful lives for each component;
- Allocating the purchase price of the aircraft to these components at the time of acquisition; and
- Determining residual values, which have been restricted to the airframe component only, reflecting the expected recoverable value at the end of its useful life.

4. Significant accounting judgments, estimates and assumptions (continued)

4.1 Judgments (continued)

4.1.4 Componentization, cost allocation, and residual value assumptions for owned aircraft (continued)

The allocation is based on management's best estimates using available information, including technical assessments, third-party valuation reports, and historical cost references. Changes in these estimates or assumptions could have a material effect on the depreciation expense and the carrying amounts of these assets in future reporting periods.

4.1.5 Treatment of IPO costs and related judgments

During the year ended 31 December 2025, the Company completed its IPO, which comprised both the issuance of new shares by the Company and the sale of existing shares by pre-IPO shareholders.

Management considered the applicability of the SOCPA circular on shareholder reimbursement of IPO costs. As this IPO involved a fresh issuance of shares alongside a sale of existing shares, the circular was not considered applicable given its stated scope. Accordingly, the requirements of IAS 32.37 and related guidance were applied.

Under IAS 32, incremental costs directly attributable to the issuance of new equity instruments that would not have been incurred otherwise are recognized as a deduction from equity. Costs attributable to the sale of existing shares and achieving the listing do not meet this definition and are recognized in profit or loss. Also refer to Note 13 for details.

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 renegotiated, then specific estimates are reviewed immediately, and the liability and right-of-use asset if applicable is adjusted accordingly. Actual charges

4. Significant accounting judgments, estimates and assumptions (continued)

4.2 Assumption and estimation uncertainties (continued)

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 recognized. 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 recognized by ⃁ 171.3 million (2024: ⃁ 1,59.1 million) and ⃁ 1,03.1 million (2024: ⃁ 111.7 million), respectively. Refer Note 17 for details.

(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% of the actual discount rate, this will cause a change in the right-of-use of assets and aircraft related provisions by ⃁ 81.6 million (2024: ⃁ 50 million). Refer Note 17 for details.

(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 ⃁ 75.6 million (2024: ⃁ 130.67 million) partially due to adjustment of off-market elements in leases and related cash credit from suppliers. If the fair value of the aircraft reduced by 10%, the gain on sale and leaseback transactions would change by ⃁ 29.2 million (2024: ⃁ 45.7 million).

(All amounts are in Saudi Riyals unless otherwise stated)

5. Aircraft, equipment and fixtures

	Note	2025	2024
Aircraft, equipment and fixtures	5.2	1,371,334,836	649,821,824
Capital work in progress (CWIP)	5.3	1,223,823,063	887,486,557
		2,595,157,899	1,537,308,381

5.1 Useful life

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Asset class	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 and aircraft equipment consists of components (Airframes, Auxiliary Power Units (APU), Landing Gears (LG), Engine – Limited Life Parts (LLPs), Engine – Performance Restoration Cost) and rotables/repairable spare parts.

Type of Component/Asset	Useful life
Airframes	20 years
APU	5 years
LG	10 years
LLPs	15 years
Engine – Performance Restoration Cost	5 years
Rotables/repairable spare parts	3 years

5.2 Aircraft, 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 2024		524,764,922	29,397,775	7,314,965	561,477,662
Cost					
As at 1 January 2024		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	5.3.1	128,732,119	–	750,534	129,482,653
At 31 December 2024		1,147,753,889	87,055,031	30,875,590	1,265,684,510
Accumulated depreciation					
As at 1 January 2024		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 31 December 2024		530,401,140	62,344,855	23,116,691	615,862,686
Net book value as at 31 December 2024		617,352,749	24,710,176	7,758,899	649,821,824

(All amounts are in Saudi Riyals unless otherwise stated)

5. Aircraft, equipment and fixtures (continued)

5.2 Aircraft, equipment and fixtures (continued)

	Note	Aircraft and aircraft equipment	Modification on leased aircraft and leasehold improvements	Furniture and fixtures	Total
Net book value as at 1 January 2025		617,352,749	24,710,176	7,758,899	649,821,824
Cost					
As at 1 January 2025		1,147,753,889	87,055,031	30,875,590	1,265,684,510
Additions		1,524,574,904	57,002	1,978,402	1,526,610,308
Disposals	5.2.1	(1,052,157,510)	–	(1,219,762)	(1,053,377,272)
Transfers from CWIP	5.3.1	331,691,368	–	–	331,691,368
At 31 December 2025		1,951,862,651	87,112,033	31,634,230	2,070,608,914
Accumulated depreciation					
As at 1 January 2025		530,401,140	62,344,855	23,116,691	615,862,686
Charge for the year		76,888,189	3,004,123	4,709,049	84,601,361
Disposals		–	–	(1,189,969)	(1,189,969)
At 31 December 2025		607,289,329	65,348,978	26,635,771	699,274,078
Net book value as at 31 December 2025		1,344,573,322	21,763,055	4,998,459	1,371,334,836

* Included within Aircraft and Aircraft equipment are aircraft purchased and immediately disposed amounting to ⃁ 1.05 billion (2024: ⃁ 1.2 billion) relating to sale and leaseback transactions, refer to Note 5.2.1 for more details.

Depreciation expense breakup	Note	2025	2024
Cost of revenue	23	79,892,311	44,244,590
General and administrative expenses	25	4,709,050	4,006,755
		84,601,361	48,251,345

5.2.1 Sale and leaseback arrangements

During the year, the Company has entered into sale and leaseback transaction for newly delivered aircraft that resulted in a cumulative gain of ⃁ 71.8 million (2024: ⃁ 131 million) that was recognized in the statement of profit or loss.

5.3 Capital work in progress (CWIP)

Capital work in progress as at 31 December 2025 and 2024 consists of advances paid in respect of pre-delivery payment of aircraft amounting to ⃁ 692.6 million (2024: ⃁ 842.6 million) and spare engines amounting to ⃁ 189.29 million (2024: ⃁ 25.1 million).

5.3.1 Movement in CWIP

	2025	2024
1 January	887,486,557	606,086,049
Additions	868,652,874	651,633,161
Refunds of pre-delivery payments	(200,625,000)	(240,750,000)
Transfers to aircraft, equipment and fixtures	(331,691,368)	(129,482,653)
31 December	1,223,823,063	887,486,557

(All amounts are in Saudi Riyals unless otherwise stated)

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.

	2025	2024
1 January	7,830,739,267	7,676,084,867
Additions	1,472,174,405	1,205,144,145
Modifications	–	34,196,618
Termination	(234,974,692)	–
Depreciation	(1,373,625,955)	(1,084,686,363)
31 December	7,694,313,025	7,830,739,267

6.1 The right-of-use assets are segregated as below:

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at 1 January 2024	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
Modification	34,196,618	–	–	34,196,618
Depreciation	(632,937,959)	(21,186,872)	(430,561,532)	(1,084,686,363)
At 31 December 2024	5,537,230,635	58,676,881	2,234,831,751	7,830,739,267

	Aircraft	Leasehold buildings	Maintenance assets and redelivery cost	Total
As at 1 January 2025	5,537,230,635	58,676,881	2,234,831,751	7,830,739,267
Additions, net	1,153,448,551	–	318,725,854	1,472,174,405
Termination	(234,974,692)	–	–	(234,974,692)
Depreciation	(860,250,940)	(22,185,782)	(491,189,233)	(1,373,625,955)
At 31 December 2025	5,595,453,554	36,491,099	2,062,368,372	7,694,313,025

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 specified engine cycles.	20,000 engine cycles or period of lease, whichever is shorter

6.3 During the year, the Company terminated one of its lease agreements before the end of the contractual lease term. The termination was mutually agreed upon between the Company and the lessor and became effective on 13 September 2025. It resulted in a termination gain of ⃁ 3.8 million, which is recognized under "Gain on sale of aircraft, equipment and fixtures".

(All amounts are in Saudi Riyals unless otherwise stated)

7. Intangible assets

In 2015, following approvals from the Board of Directors and shareholders of NAS Holding Company (the Company's former parent), the Air Operator Certificate ("AOC") issued by the General Authority of Civil Aviation ("GACA") in the Kingdom of Saudi Arabia was transferred to the Company at its fair value of ⃁ 2,000 million through a non-cash consideration. The AOC authorizes the Company to conduct commercial air operations, including airport access, landing rights (including access to slots), and Hajj and Umrah operations.

Subsequently, on 15 April 2024, the shareholders of NAS Holding Company approved the distribution of its entire shareholding in flynas to their shareholders based on their respective ownership interests. As a result, effective 14 May 2024, the Company ceased to have a controlling parent. This change in ownership structure has no impact on the accounting treatment of the AOC, which continues to be recognized as an intangible asset with an indefinite useful life (refer to key judgments in Note 4.1.2).

The AOC is tested annually for impairment. Based on the most recent impairment assessment, management concluded that no impairment is required, as the recoverable amount exceeds the carrying amount. Management engaged an external valuation specialist to support the impairment assessment. Further details of the valuation methodology are disclosed in Note 7.1.

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., "greenfield 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 of 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 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 to be 16.3%.

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 2.5%. The TGR is consistent with forecasts included in industry reports.

Sensitivity analysis as at 31 December 2025

The recoverable amount calculated by the above-mentioned approach exceeds the carrying amount by ⃁ 1,064 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 being constant:

	Change by	Impact on the fair value of AOC by ⃁ million
Increase in discount rate	1oo basis points	468
Decrease in passenger yield	5%	528
Decrease in load factor*	5%	449
Decrease in Terminal Growth Rate	100 basis points	114

*5% decrease (starting and cap)

(All amounts are in Saudi Riyals unless otherwise stated)

7. Intangible assets (continued)

7.1 Valuation method (continued)

Terminal Growth Rate (TGR) used to extrapolate cash flows beyond forecast period (continued)

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. Stores and spares

	Note	2025	2024
Stores and spares		6,532,510	8,025,370
Less: Provision for obsolescence	8.1	(4,534,167)	(5,428,430)
		1,998,343	2,596,940

8.1 Movement in provision for obsolescence

	2025	2024
1 January	5,428,430	6,503,262
Utilized during the year	(894,263)	(1,074,832)
31 December	4,534,167	5,428,430

9. Deposits for aircraft

	2025	2024
Non-current portion	17,314,070	37,500,760
Current portion	48,843,986	9,063,750
	66,158,056	46,564,510

Credit risk for deposits in aircraft is disclosed in Note 31.1.

10. Trade receivables

	Note	2025	2024
Third-party customers		455,105,427	328,681,246
Allowance for expected credit losses	10.1	(94,941,254)	(90,114,260)
		360,164,173	238,566,986

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:

	2025	2024
1 January,	90,114,260	77,788,556
Provision for expected credit losses	4,826,994	12,325,704
31 December,	94,941,254	90,114,260

Note 30.1 to the financial statements includes credit risk disclosures.

11. Prepayments and other current assets

	Note	2025	2024
Receivable from National Air Services, net – NAS Holding Company	11.2	–	28,325,381
Deposits to vendors	11.1	40,094,564	42,972,581
Advances to suppliers		50,970,813	22,906,439
Prepayments		6,827,568	5,704,354
Contract assets		48,035,943	11,573,336
Prepaid - other	11.3	150,000,000	–
Other receivables	29.1	10,173,507	5,899,580
		306,102,395	117,381,671

(All amounts are in Saudi Riyals unless otherwise stated)

11. Prepayments and other current assets (continued)

11.1 The balance represents security deposits paid to vendors mainly for fuel, civil aviation authorities and handling agents.

11.2 The expected credit loss provision for this balance amounted to nil as at 31 December 2025. (2024: ⃁ 14 million).

11.3 During the year ended 31 December 2025, the Company experienced aircraft-on-ground (AoG) events. Accordingly, the Company entered into a support agreement with a supplier providing credits totaling ⃁ 150 million in respect of AoG-related support.

The Company assessed the arrangement and concluded that the credits represent-reimbursement of actual, direct and incremental costs incurred to mitigate AoG disruptions during 2025. Accordingly, the Company recognized the full ⃁ 150 million as a reduction within cost of revenue for the year ended 31 December 2025.

At 31 December 2025, the Company recognized a prepaid balance of ⃁ 150 million (Prepaid – other) representing the supplier credits receivable in respect of such AoG events. The supplier credits will be settled through application against future invoices from the supplier (i.e., by reducing amounts payable on eligible invoices) during 2026 and as such it is treated as a non-financial asset. The Company has not offset this prepaid balance against trade payables as at 31 December 2025.

The Company also assessed the broader AoG exposure in conjunction with this settlement. Existing contractual support, the compensation described above, measures implemented to prevent similar disruptions in the foreseeable future and the Company's available liquidity resources were assessed as sufficient to address this exposure.

12. Cash and cash equivalents and bank deposits

	2025	2024
Cash in hand	1,148,874	1,193,798
Cash at banks	371,277,878	439,132,580
Bank deposits	3,770,554,657	1,260,000,000
Cash and cash equivalents	4,142,981,409	1,700,326,378
Bank deposits – with original maturity of more than 3 months	56,250,000	56,250,000
Cash and cash equivalents and bank deposits	4,199,231,409	1,756,576,378

13. Share capital, share premium and Employees Share-Based Payment Program

13.1 Share capital

As at 31 December 2025 and 2024, the authorized, issued and fully paid share capital of the Company consists of 170,851,893 (2024: 153,425,000) shares of ⃁ 10 each. Each ordinary share carries one vote.

13.2 Share premium, net

The Company was listed on the Saudi Stock Exchange (Tadawul) on 18 June 2025 under the trading symbol 4264. Following the IPO, the Company offered 17.4 million new Shares at ⃁ 80 per share, generating gross proceeds of ⃁ 1,394 million. of this, ⃁ 174.3 million was allocated to the nominal value of new shares, ⃁ 29.1 million to cover the offering costs associated with the capital increase shares offered for public subscription, and remaining ⃁ 1,190.7 million to share premium. The IPO increased the Company's share capital and share premium accordingly.

13.3 Employees Share Based Payment Program

The Company has established a cash-based incentive and reward program for its employees, Senior Executives, Directors, and members of the Board. The program is funded through the proceeds of the Company's (IPO), specifically from the sale of 12,274,000 shares at an offer price of ⃁ 80 per share. These shares represented 23.95% of the total offering shares at the time of IPO and comprised the sale of:

1. All 8,320,237 treasury shares held by the Company, representing 5.42% of the Company's pre-IPO share capital, and
2. 3,953,763 shares by existing shareholders on a pro rata basis, representing 2.58% of the Company's share capital, as part of the Offer Shares.

(All amounts are in Saudi Riyals unless otherwise stated)

13. Share capital, share premium and Employees Share-Based Payment Program (continued)

13.3 Employees share based payment program (continued)

In connection with the program, the Company recognized a one-time, non-recurring accounting charge of ⃁ 981.92 million for the year ended 31 December 2025, recorded under General and Administrative Expenses. This charge corresponds to the recognition of a financial liability for the expected cash payouts under the program.

At the time of the IPO, the proceeds from the sale of the entire 12,274,000 shares were credited to shareholders' equity under "Retained Earnings."

Under the terms of the program:

- 100% of the incentive amounts due to Directors, Board Committee members, and the Chief Executive Officer were paid at the time of listing, and
- 50% of the incentive amounts due to other employees (excluding the CEO) were paid at the time of listing, with the remaining 50% to be paid within 24 months following the listing date, corresponding to 18 June 2025.

13.4 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 reserve

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 2023, has removed the mandatory requirement to establish a statutory reserve, it continues to permit companies to voluntarily create reserves in accordance with their by-laws and with the approval of the general assembly. Accordingly, the Company, in line with its existing by-laws, 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 by-laws or resolves otherwise through the general assembly. No such transfer was carried out during the year ended 31 December 2025 due to net loss.

15. Trade and other payables

	Note	2025	2024
Trade payables		811,517,190	759,821,210
Accrued expenses		471,326,491	481,199,757
Passenger taxes payable		218,286,321	136,657,579
Taxes payable (zakat and VAT)		49,312,791	39,402,263
Employee Share-Based payment program payable	13	262,859,151	-
Other payables	15.1	117,437,424	141,260,777
		1,930,739,368	1,558,341,586
Non-current portion	13	(130,316,621)	-
Current portion		1,800,422,747	1,558,341,586

15.1 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. Lease liabilities

	Note	2025	2024
1 January		5,813,463,597	5,525,049,866
Additions		1,197,426,890	708,192,768
Modifications		-	34,196,618
Finance cost	27	370,256,417	417,889,088
Termination		(238,826,775)	-
Payments		(1,152,094,900)	(871,864,743)
31 December		5,990,225,229	5,813,463,597

(All amounts are in Saudi Riyals unless otherwise stated)

16. Lease liabilities (continued)

16.1 Lease liabilities are segregated as below:

	2025	2024
Current portion	1,039,982,124	507,661,044
Non-current portion	4,950,243,105	5,305,802,553
	5,990,225,229	5,813,463,597

The total cash outflow resulting from leases for the year 2025 amounted to ⃁ 1,550.5 million (2024: ⃁ 1,181.4 million).

Expenses relating to short-term leases during the year 2025 amounted to 348 million (31 December 2024: ⃁ 309.5 million) (Note 23).

17. Aircraft related provisions

Aircraft related provisions consist of heavy maintenance and return-condition cost of aircraft.

	Note	2025	2024
1 January		3,396,814,619	2,823,619,130
Additions		304,252,924	447,209,611
Finance cost	27	122,662,376	187,970,314
Payments		(397,927,185)	(61,984,436)
31 December		3,425,802,734	3,396,814,619

17.1 Aircraft related provisions are segregated as below:

	2025	2024
Current portion	310,285,694	297,794,229
Non-current portion	3,115,517,040	3,099,020,390
	3,425,802,734	3,396,814,619

Non-current provisions mainly relate to future aircraft maintenance obligations of the Company on leased aircraft, falling due typically between one and 12 years from the reporting date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The provision amount reflects management's estimates of the cost of heavy maintenance work that will be required in the future to discharge obligations under the Company's lease agreements.

18. Contract liabilities

	Note	2025	2024
Unutilized tickets	18.1	422,746,307	410,474,783
Customer loyalty program	18.2	10,061,202	10,127,439
Deposit from customers	18.3	92,739,242	4,366,572
		525,546,751	424,968,794
Revenue recognized during the year that was included in the contract liabilities balance at the beginning of the year		410,474,783	322,142,481

18. Contract liabilities (continued)

18.1 Revenue deferred during the year was ⃁ 7.09 billion (2024: ⃁ 6.6 billion) and revenue recognized during the year amounted to ⃁ 7.08 billion (2024: ⃁ 6.5 billion).

18.2 Customer loyalty miles redeemed and expired during the year were ⃁ 1.8 million (2024: ⃁ 3.6 million) and miles earned and sold during the year were ⃁ 1.75 million (2024: ⃁ 4.6 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	2025	2024
Saudi Industrial Development Fund		–	62,250,000
Murabaha Facility – I	19.2	1,010,318,218	362,981,250
Murabaha Facility – II	19.3	309,374,745	–
Murabaha Facility – III	19.4	164,500,000	–
		1,484,192,963	425,231,250

	2025	2024
Current portion	429,477,828	324,487,500
Non-current portion	1,054,715,135	100,743,750
	1,484,192,963	425,231,250

19.1 During the year ended, the Company has repaid loan installments for Murabaha Facilities amounting to ⃁ 502 million and Saudi Industrial Development Fund amounting to ⃁ 62.2 million.

19.2 During the year ended, the Company executed a second drawdown for an amount of ⃁ 1,125 million under the Master Murabaha Agreement (Murabaha Facility – I) signed during the year 2022 with a consortium of banks for an amount of ⃁ 2.25 billion. The repayment plan for the second drawdown is split into 47 equal monthly installments commencing from the month of April 2025. The Facility carries a margin which is based on market rate plus one-month Saudi Interbank Offer Rate plus additional margin rate and includes certain covenants. The facility is denominated in SAR.

19.3 During the year ended, the Company signed a Murabaha Facility Agreement (Murabaha Facility – II) with a bank for an amount of ⃁ 495 million secured against the aircraft. The drawdown request in relation to the Facility was completed during the current year for an amount of ⃁ 330 million. The repayment plan is split into 144 equal monthly installments commencing from the month of April 2025. The Facility carries a markup margin which is based on market rate plus one-month Secured Overnight Financing Rate ('SOFR') rate and includes certain covenants. This facility is solely for the purchase of aircraft and as such the aircraft is collateralized against this loan. The facility is denominated in United States Dollar ('USD').

19.4 During the year ended, the Company signed a Murabaha Facility Agreement (Murabaha Facility – III) with a bank for an amount of ⃁ 504 million secured against the aircraft. The drawdown request in relation to the Facility was completed during year ended for an amount of ⃁ 168 million. The repayment plan is split into 144 equal monthly installments commencing from the month of October 2025. The Facility carries a markup margin which is based on market rate plus one-month SOFR rate and includes certain covenants. This facility is solely for the purchase of aircraft and as such the aircraft is collateralized against this loan. The facility is denominated in USD.

*All of the aforementioned loans carry certain financial and non-financial covenants. There is no breach of such covenants for the year ended 31 December 2024 and 2025. Management expects that the Company will continue to comply with the covenant requirements for the year ending 31 December 2026.

(All amounts are in Saudi Riyals unless otherwise stated)

20. Employees' end of service benefits liabilities

20.1 Actuarial valuation

The most recent actuarial valuation was performed as of 31 December 2025, by an independent actuary:

20.2 Principal actuarial assumptions

	2025	2024
Salary increase rate	4.5%	4.8%
Discount rate	4.5%	5.3%
Mortality rate	WHO SA 19	WHO SA 19
Turnover rate	10% – 40% (based on age band)	9% – 35% (based on age band)

The actuarial valuation was conducted using the Projected Unit Credit method.

20.3 Employees' end of service benefits expense

	2025	2024
Current service cost	33,298,929	31,867,114
Interest cost on benefit liabilities	13,790,991	11,628,182
Other benefits	4,495,801	–
	51,585,721	43,495,296

20.4 Movement of present value of employees' end of service benefits liability

	Note	2025	2024
1 January		267,868,028	231,501,803
Charge for the year	20.3	51,585,721	43,495,296
Benefits paid		(16,853,428)	(23,709,928)
Remeasurement loss on employees' end of service benefits liabilities		14,252,068	16,580,857
31 December		316,852,389	267,868,028

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 31 December 2025 and 31 December 2024 is shown below:

Assumptions Sensitivity level	Salary increase rate		Discount rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
31 December 2025	328,642	(295,826)	(297,381)	327,238
31 December 2024	281,459	(254,315)	(255,698)	280,189

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 2025 and 31 December 2024. 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.

(All amounts are in Saudi Riyals unless otherwise stated)

20. Employees' end of service benefits liabilities (continued)

20.5 Employees' end of service benefits liability sensitivity analysis (continued)

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 31 December 2025 is 4.78 years (2024: 4.57 years).

21. Zakat

Charge for the year and status of assessments

During the year ended 2024, the ownership of the Company had changed and as such the Company started to file a separate zakat return from the year ended 2024. The zakat return for year ended 2024 was filed.

The Ministry of Finance issued new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29 February 2024) (the "New Zakat By-Laws").

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 for years prior to 2024. For the year ended 31 December 2025, in accordance with the regulations of ZATCA, zakat is payable at 2.578% (2024: 2.578%) of the zakat base which is attributable to the Saudi shareholders.

The zakat provision is based on the following:

	2025	2024
Profit after zakat	(526,999,611)	433,509,594
Adjustments related to provisions, depreciation and others	–	23,780,119
Adjusted profit for the year	**(526,999,611)**	**457,289,713**
Share capital	1,708,518,930	1,534,250,000
Statutory reserve	43,500,959	150,000
Provisions and other adjustments	(608,817,321)	(1,531,803,360)
Zakat base prior to adjusted profit for the year	**1,143,202,568**	**2,596,640**
Zakat charge for the year at 2.5847% of zakat base	29,468,145	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%	29,468,145	11,432,243
Charge allocated for the preceding years	6,087,925	11,750,372
Total charge for the year	**35,556,070**	**23,182,615**

The movement in provision for zakat is as follows:

	2025	2024
Opening balance	38,942,505	15,759,890
Charge during the year	29,468,145	11,432,243
Charge allocated for the preceding years	6,087,925	11,750,372
Total charge for the year	**35,556,070**	**23,182,615**
Zakat paid	(26,889,461)	–
Closing balance	**47,609,114**	**38,942,505**

22. Revenue and segmental reporting

	2025	2024 (Adjusted)*
flynas LCC	7,086,364,271	6,784,085,834
flynas Hajj	584,402,868	586,787,989
flynas General Aviation	173,540,394	185,195,167
	7,844,307,533	7,556,068,990

(All amounts are in Saudi Riyals unless otherwise stated)

22. Revenue and segmental reporting (continued)

Segment results that are reported to the Company's CODM include three operating segments, being flynas LCC, flynas Hajj 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. Effective 1 January 2025, Umrah flights are also included in flynas LCC segment and are no more part of flynas Hajj segment.
- flynas Hajj: This business segment mainly serves Hajj pilgrims travelling to the Kingdom, and includes flight operations that are typically arranged based on seasonal demand. Effective 1 January 2025, Umrah flights are excluded from this segment and are part of flynas LCC segment.
- 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.

The flynas Hajj segment no longer includes revenue for flights associated with the performance of Umrah separate from Hajj. This revenue is now reported within the flynas LCC segment. As a consequence of this change, there is no longer any inter-segment revenue between flynas LCC and flynas Hajj segments because the intersegment revenue represented a cross-charge for the Umrah flights.

Accordingly, the comparative period information is adjusted.

Segment	2025				2024 (Adjusted)*			
	flynas LCC	flynas Hajj	flynas General Aviation	Total	flynas LCC	flynas Hajj	flynas General Aviation	Total
Revenue	7,086,364,272	584,402,868	173,540,393	7,844,307,533	6,784,085,834	586,787,989	185,195,167	7,556,068,990
Operating expenses*	(7,224,655,454)	(491,247,261)	(155,420,320)	(7,871,323,035)	(5,805,601,841)	(528,860,556)	(176,495,315)	(6,510,957,712)
Operating (loss)/profit	**(138,291,182)**	**93,155,607**	**18,120,073**	**(27,015,502)**	**978,483,993**	**57,927,433**	**8,699,852**	**1,045,111,278**
Finance costs, net	(464,421,533)	(5,187)	(1,319)	(464,428,039)	(588,419,185)	147	(31)	(588,419,069)
(Loss)/Profit before zakat	(602,712,715)	93,150,420	18,118,754	(491,443,541)	390,064,808	57,927,580	8,699,821	456,692,209
Zakat expense	(32,850,000)	(2,706,070)	–	(35,556,070)	(21,600,000)	(1,582,615)	–	(23,182,615)
(Loss)/Profit for the year	**(635,562,715)**	**90,444,350**	**18,118,754**	**(526,999,611)**	**368,464,808**	**56,344,965**	**8,699,821**	**433,509,594**
Depreciation	**(1,458,213,617)**	**(13,700)**	**–**	**(1,458,227,317)**	**1,132,926,258**	**11,450**	**–**	**1,132,937,708**
Additions to non-current assets	2,613,435,315	–	–	2,613,435,315	1,574,888,815	–	–	1,574,888,815
Total assets	**16,506,433,574**	**594,635,278**	**122,056,448**	**17,223,125,300**	**12,974,145,683**	**494,234,430**	**61,354,020**	**13,529,734,133**
Total liabilities	**13,537,982,023**	**124,778,461**	**10,598,950**	**13,673,359,434**	**11,766,335,685**	**115,039,067**	**5,313,122**	**11,886,687,874**

* Effective 1 January 2025, the Company revised the composition and internal reporting of its operating segments following changes in reporting to management approved by the Chief Operating Decision Maker (CODM).

(All amounts are in Saudi Riyals unless otherwise stated)

22. Revenue and segmental reporting (continued)

	2025	2024
Revenue:		
Total reportable segments revenue	7,844,307,533	7,792,172,267
Elimination of intersegment revenue**	–	(236,103,277)
	7,844,307,533	7,556,068,990
Operating expenses:		
Total reportable segments operating expenses	7,871,323,035	6,747,060,989
Elimination of intersegment operating expenses**	–	(236,103,277)
	7,871,323,035	6,510,957,712

* flynas LCC operating expenses include gain on sale and leaseback 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:

	2025	2024
International	4,405,366,967	3,897,670,123
Domestic	2,628,635,379	2,613,126,151
Other	52,361,926	37,186,283
	7,086,364,272	6,547,982,557

flynas Hajj passenger related revenue is concentrated with international geographical locations.

23. Cost of revenue

	Note	2025	2024
Fuel cost		1,701,826,444	1,717,634,869
Landing, handling, and en-route charges		1,437,051,066	1,457,257,247
Salaries and related costs		917,552,010	863,653,958
Maintenance and other aircraft costs		468,374,311	431,151,207
Depreciation on right-of-use assets	6	1,373,625,955	1,084,686,363
Depreciation on equipment and fixtures	5	79,892,311	44,244,590
Rental expense	16	348,329,028	309,541,003
Commission and reservation systems expenses		120,296,164	121,806,891
Others	23.1	118,119,256	110,213,525
Less:			
Government grant	23.2	(53,904,210)	(52,624,147)
Reimbursement for incremental costs against AoG	11.3	(150,000,000)	–
		6,361,162,335	6,087,565,506

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.

24. Selling and marketing expenses

	2025	2024
Salaries and related expenses	69,955,592	65,767,486
Business development and promotion expenses	102,243,992	79,844,037
Collection charges	54,915,275	71,443,253
Customer service-related expenses	15,282,265	12,610,862
Professional fees	27,085,333	10,247,041
Others	11,896,489	12,256,585
	281,378,946	252,169,264

(All amounts are in Saudi Riyals unless otherwise stated)

25. General and administrative expenses

25.1 General and administrative expenses (recurring)

	Note	2025	2024
Salaries and related expenses		120,204,256	160,891,280
Professional fees	25.1	40,399,854	72,515,187
Depreciation on equipment and fixtures	5	4,709,050	4,006,755
Others		63,265,342	20,415,362
		228,578,502	257,828,584

25.1.1 Auditor's remuneration for the statutory audit of the financial statements for the year ended 31 December 2025 amounted to ⃁ 2.5 million (2024: ⃁ 1.83 million) and other related services amounted to Nil (2024: ⃁ 1.96 million).

25.2 General and administrative expenses (non-recurring)

	Note	2025	2024
Employee Share-Based payment expense – Non-recurring expense		981,920,000	–
Transaction costs related to IPO – Non-recurring	25.2.1	101,047,516	–
		1,082,967,516	–

25.2.1 These expenses are solely in respect of IPO-related items. The IPO costs not relating to the issuance of fresh equity instruments are reported separately as non-recurring, as is the Share-Based payment that was granted and vested within the year as an exceptional bonus to management in contemplation of the IPO. The Company does not anticipate using this non-recurring heading in future periods and it is not intended to capture all non-recurring items, only these two specified costs given their exceptional nature and incidence.

26. Finance income

	2025	2024
Interest income on deposits with banks	163,025,475	71,615,316
Reversal of imputed interest on deposits for aircraft	666,285	32,899,549
	163,691,760	104,514,865

27. Finance cost

	Note	2025	2024
Interest on lease liabilities	16	370,256,417	417,889,088
Interest on aircraft related provision	17	122,662,377	187,970,314
Bank guarantee and commitment fee		28,946,018	25,373,526
Imputed interest on long-term payables		–	14,427,727
Interest on loans	19	97,206,024	44,123,456
Others		9,048,963	3,149,823
		628,119,799	692,933,934

28. Contingencies, commitments and letters of credit and guarantee

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 ⃁ 36,873 million (2024: ⃁ 38,475 million) excluding pre-delivery payments carried out as at the balance sheet date.

28.2 Contingencies

As at 31 December 2025 and 2024, the Company has no outstanding contingencies.

(All amounts are in Saudi Riyals unless otherwise stated)

28. Contingencies, commitments and letters of credit and guarantee (continued)

28.3 Letters of credit and guarantee

As at 31 December 2025, the Company has outstanding letters of credit and bank guarantees amounting to ⃁ 1,343 million (2024: ⃁ 1,159 million). The outstanding letters of credit include arrangement with the lessors in relation to the heavy maintenance deposits.

29. Financial instruments

Fair value measurement of financial instruments

Financial instruments comprise financial assets, financial liabilities and derivative financial instruments. Financial assets and financial liabilities are measured at amortized cost, except for derivatives which are measured at fair value through profit or loss (FVTPL)

Financial assets comprise of the following:

Financial statements line item	Note	IFRS 9 classification	31 December 2025	31 December 2024
Trade receivables	10	Amortized cost	360,164,173	238,566,986
Cash and cash equivalents and bank deposits (including cash in hand)	12	Amortized cost	4,199,231,409	1,756,576,378
Deposits for aircraft	9	Amortized cost	66,158,056	46,564,510
Deposits to vendors	11	Amortized cost	40,094,564	42,972,581
Receivable from NAS Holding Company	11	Amortized cost	–	28,325,381
Contract asset			48,035,943	11,573,336
Other receivables*	11	Amortized cost and fair value through profit or loss	10,173,507	5,899,580

* Other receivables include a derivative asset which is classified at fair value through profit or loss amounting to ⃁ 3,548,916 which is the fair value of this derivative as at 31 December 2025. Refer Note 29.1 for details.

Financial liabilities comprise the following:

Financial statements line item	Note	IFRS 9 classification	31 December 2025	31 December 2024
Trade and other payables (excluding taxes)	15	Amortized cost	1,663,140,256	1,382,281,745
Lease liabilities	16	Amortized cost	5,990,225,229	5,813,463,597
Loans	19	Amortized cost	1,484,192,963	425,231,250

As at 31 December 2025 and 2024, 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.

Derivative financial instruments are measured at fair value at each reporting date and therefore their carrying amounts equal fair value.

29.1 Derivative financial instruments – commodity option (Brent)

Nature of the transaction

During the year, the Company entered into a plain-vanilla Asian call option on Brent crude oil with a financial institution to economically manage exposure to fuel price volatility. The Company acted as the option buyer and the counterparty was a financial institution. The contract was traded on 30 October 2025, became effective on 1 January 2026, and is scheduled to terminate on 30 June 2027. The instrument is cash-settled and covers a total notional quantity of 1,310,162 barrels, for which the Company paid an upfront premium of ⃁ 6.4 million (USD 1.7 m). The fair value is disclosed in the above table.

(All amounts are in Saudi Riyals unless otherwise stated)

29. Financial instruments (continued)

29.1 Derivative financial instruments – commodity option (Brent) (continued)

Fair value measurement (IFRS 13)

The option's fair value is determined using an option-pricing model appropriate for Asian options, calibrated to observable market inputs wherever possible, and classified within the fair value hierarchy as Level 2, unless (and only to the extent) significant unobservable inputs (e.g., bespoke volatility adjustments) are required, in which case the classification is Level 3.

Management classifies the derivative asset at level 2, monitors the sensitivity of the derivative's fair value to reasonable changes in key market inputs. However, the key market inputs' sensitivities are not considered to be material for the Company as at 31 December 2025.

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 analyze 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.

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 2025 and 2024, the Company was exposed to credit risk on the following balances:

	Note	2025	2024
Trade receivables	10	360,164,173	238,566,986
Cash at bank and bank deposits	12	4,198,082,535	1,756,576,378
Deposits for aircraft	9	66,158,056	46,564,510
Deposits to vendors	11	40,094,564	42,972,581
Contract asset	11	48,035,943	11,573,336
Receivable from NAS Holding Company	11	-	28,325,381
Other receivables	11	10,173,507	5,899,582
		4,722,708,778	2,130,478,754

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

(All amounts are in Saudi Riyals unless otherwise stated)

30. Risk management of financial instruments (continued)

30.1 Credit risk (continued)

controlled and managed accordingly. The Company does not face any significant concentration risks in relation to each class of financial assets mentioned above.

Deposit for aircraft relates to payment carried out to different aircraft lessors. Given that the Company physically possesses the aircraft owned by the lessors and the Group has significant future lease payment obligations towards the same lessors, management does not consider the credit risk on such deposits to be material.

Most of the remaining balance in this category in both years relates to ticket sales receivables from customers and non-ticket revenue receivables from business partners. These balances are spread between a significant number of counterparties and the credit performance in these channels has historically low default rates.

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	2025	2024
Al Rajhi Bank – Time deposit	F1	A	A	Fitch Ratings	1,843,813	200,000,000
Al Rajhi Bank – Bank balance	F1	A	A	Fitch Ratings	–	17,461,995
Bank Aljazira – Bank balance	F2	A-	A-	Fitch Ratings	18,755,637	19,230,707
Bank Aljazira – Time deposit	F2	A-	A-	Fitch Ratings	459,724,845	100,000,000
Banque Nationale de Algerie	F1+	AAA	AAA	Fitch Ratings	131,825,844	54,050,490
Banque Saudi Fransi – Time deposit	F2	A-	A-	Fitch Ratings	1,418,261,108	936,250,000
Banque Saudi Fransi – Bank balance	F2	A-	A-	Fitch Ratings	20,520,200	50,801,088
Citi Bank	F1	A	A	Fitch Ratings	26,187,352	26,187,352
Emirates NBD Bank – Bank balance	F1	A+	A+	Fitch Ratings	6,395,495	44,913,126
Gulf International Bank – Time deposit	F2	A-	A-	Fitch Ratings	896,677	80,000,000
Gulf International Bank – Bank balance	F2	A-	A-	Fitch Ratings	–	64,464,119
Others					7,746,729	1,908,315
SAB Bank – Bank balance	F2	A-	A-	Fitch Ratings	148,059,459	153,956,130
SAB Bank – deposit	F2	A-	A-	Fitch Ratings	1,948,818,704	–
Saudi National Bank – Bank balance	F1	A	A	Fitch Ratings	9,046,672	6,159,258
					4,198,082,535	1,755,382,580

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 31 December 2025 and 2024 are not material.

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.

(All amounts are in Saudi Riyals unless otherwise stated)

30. Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Trade receivable (continued)

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 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 2025 or 1 January 2025, 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 the 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.

The Company's trade receivables are third-party customers. The exposure to credit risk for trade receivables at the end of the reporting period was:

	2025	2024
Third-party customers	455,105,427	328,681,246

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 are disclosed in the table further below.

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 recognized in the statement of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item. Impairment losses on trade receivables, if any, are presented as a provision for expected credit losses within operating profit/loss.

(All amounts are in Saudi Riyals unless otherwise stated)

30. Risk management of financial instruments (continued)

30.1 Credit risk (continued)

Trade receivable (continued)

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 provide information about the exposure to credit risk and ECLs for trade receivables for third-party customers for each revenue stream as at 31 December 2025 and 2024:

flynas LCC:

	31 December 2025			31 December 2024		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	124,744,906	3.8%	4,756,205	59,500,166	5.47%	3,256,170
Days past due						
1-90 days	101,706,314	10.56%	10,741,564	70,197,210	8.38%	5,884,328
91-360 days	4,617,992	23.64%	1,091,515	280,524	19.2%	53,850
+360 days	5,461,067	50%–100%	2,961,067	8,321,073	50%–100%	4,563,188
Specific provision	26,621,126	100%	26,621,126	26,621,126	100%	26,621,126
Government receivable	13,164,798	–	–	974,425	–	–
	276,316,203		46,171,477	165,894,524		40,378,662

The expected credit loss charge for flynas LCC during the year amounted to ⃁ 5.8 million.

flynas Hajj:

	31 December 2025			31 December 2024		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	81,486	3.69%	3,003	4,112,956	0.03%	1,056
Days past due						
1-90 days	5,709,153	5.05%	288,450	1,517,765	0.03%	390
91-360 days	79,911,178	9.07%	7,244,015	29,489,295	0.24%	70,169
+360 days	19,112,910	100.00%	19,112,910	25,457,655	100%	25,457,655
	104,814,727		26,648,378	60,577,671		25,529,270

The expected credit loss charge for flynas Hajj during the year amounted to ⃁ 1.1 million.

(All amounts are in Saudi Riyals unless otherwise stated)

30. Risk management of financial instruments (continued)

30.1 Credit risk (continued)

flynas General Aviation:

	31 December 2025			31 December 2024		
	Gross carrying amount	Expected credit loss rate	Loss allowance	Gross carrying amount	Expected credit loss rate	Loss allowance
Not due	3,681,395	9.62%	354,300	9,567,132	6.94%	663,549
Days past due						
1-90 days	25,120,617	14.67%	3,685,478	17,659,339	7.52%	1,327,827
91-360 days	28,859,370	18.19%	5,249,024	58,853,067	15.25%	8,975,692
+360 days	16,313,115	70%-100%	12,832,597	16,129,513	60%-100%	13,239,262
	73,974,497		22,121,399	102,209,051		24,206,330

The expected credit loss reversal for flynas General Aviation during the year amounted to ⃁ 2.1 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 2025 and 2024, the Company has not recorded any impairment loss on these balances as the identified impairment loss was immaterial.

Further, there is no receivable from National Air Services – NAS Holding Company and as such as at 31 December 2025, this balance includes a provision of ⃁ Nil. (31 December 2024: ⃁ 14 million)

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.

As at 31 December 2025	Up to 1 year	1 to 4 years	More than 4 years	Total
Trade and other payables	1,532,823,635	130,316,621	–	1,663,140,256
Lease liabilities	1,039,982,124	4,232,291,542	3,468,321,683	8,740,595,349
Loans	511,782,158	917,918,646	315,590,465	1,745,291,269
	3,084,587,917	5,280,526,809	3,783,912,148	12,149,026,874

As at 31 December 2024	Up to 1 year	1 to 4 years	More than 4 years	Total
Trade and other payables	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

Net debt

	Note	2025	2024
Loans	19	1,484,192,963	425,231,250
Lease liabilities	16	5,990,225,229	5,813,463,597
Less: Cash and cash equivalents	12	(4,142,981,409)	(1,700,326,378)
Net debt		3,331,436,783	4,538,368,469

(All amounts are in Saudi Riyals unless otherwise stated)

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	Net debt
Net debt at 1 January 2024	1,450,488,399	844,718,750	5,525,049,866	4,919,280,217
Financing cash flows	249,837,979	(419,487,500)	(453,975,655)	(1,123,301,134)
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 31 December 2024	1,700,326,378	425,231,250	5,813,463,597	4,538,368,469
Net debt at 1 January 2025	1,700,326,378	425,231,250	5,813,463,597	4,538,368,469
Financing cash flows	2,442,655,031	(562,563,117)	(781,838,483)	(3,787,056,631)
Addition	–	1,623,000,000	1,197,426,890	2,820,426,890
Termination	–	–	(238,826,775)	(238,826,775)
Interest expense	–	97,206,024	370,256,417	467,462,441
Interest payments	–	(98,681,194)	(370,256,417)	(468,937,611)
Net debt at 31 December 2025	4,142,981,409	1,484,192,963	5,990,225,229	3,331,436,783

30.3 Market 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 may enter into commodity derivatives to manage fuel price risk. Where such derivatives are entered into, and are not designated in hedge relationships, they are accounted for at fair value through profit or loss in accordance with Note 3.4.4. The Company continues to analyze 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	
	2025	2024
Increase/(decrease) in fuel prices		
+5%	(85,091,323)	(85,881,743)
-5%	85,091,323	85,881,743

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. In addition, the Company holds a cash balance with its branch in Algeria which is subject to foreign exchange regulations and administrative procedures that may restrict or delay repatriation of funds; however, management does not expect these restrictions to have a material adverse effect on the Company's liquidity or ability to meet its obligations.

(All amounts are in Saudi Riyals unless otherwise stated)

30. Risk management of financial instruments (continued)

30.2 Liquidity risk (continued)

Currency risk (continued)

The Company operates in certain countries where foreign exchange controls or administrative procedures may delay the repatriation of funds. While these environments can extend the timing of transfers, the Company actively monitors exposures and regularly repatriates surplus balances to the Kingdom of Saudi Arabia in the normal course of business. As at 31 December 2025, cash and cash equivalents include ⃁ 131.8 million (2024: ⃁ 54.1 million) held in jurisdictions that apply such controls, primarily related to operations in Bangladesh and Algeria. These balances continue to be utilized to support local operating requirements until repatriation is completed and the management has an active recent history of repatriation on these funds.

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 affect 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 2025 and 2024, 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 2025 and 2024, 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.

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 is to maintain a gearing ratio within a range of 45% to 90%. The gearing ratios at 31 December 2025 and 2024 were as follows:

	31 December 2025	31 December 2024
Loans	1,484,192,963	425,231,250
Lease liabilities	5,990,225,229	5,813,463,597
Less: Cash and cash equivalents and bank deposits	(4,199,231,409)	(1,756,576,378)
Net debt (A)	**3,275,186,783**	**4,482,118,469**
Shareholders' equity (B)	3,549,765,866	1,643,046,259
Total capital (A+B)	6,824,952,649	6,125,164,728
Gearing ratio (A/(A+B))	**48%**	**73%**

(All amounts are in Saudi Riyals unless otherwise stated)

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.

31.2 Related party transactions

There are no material related party transactions to be disclosed for the year ended 31 December 2025 and year ended 31 December 2024.

Effective May 14, 2024, 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 14).

31.3 Related party balances

The amounts due from and to related parties are unsecured, interest free and settled in cash. As at 31 December 2025 and 31 December 2024, there are no related party balances.

	2025	2024
Transactions		
Short-term employee benefits	1,007,416,725	46,823,732
Retirement benefits	2,517,321	1,654,950
	1,009,934,045	48,478,682

Compensation of the Company's key management personnel includes salaries, Share-Based payment expenses, 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.

Effective 14 May 2024, 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 14).

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

The Company has applied the following amendment for the first time for its annual reporting period commencing 1 January 2025:

- Amendments to IAS 21 – Lack of Exchangeability: An entity is impacted by the amendment when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The amendment listed above did not have any material impact and is not expected to significantly affect the current or future periods.

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 1 January 2025 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").

IFRS 18 Presentation and Disclosure in Financial Statements will change how the Company presents performance rather than what it recognizes or measures. From 1 January 2027, the statement of profit or loss will be restructured to present revenue and expenses within operating, investing and financing categories, and introduce the IFRS-specified subtotals 'operating profit or loss' and 'profit or loss before financing and zakat'.

(All amounts are in Saudi Riyals unless otherwise stated)

33. New and amended standards and interpretations (continued)

For the Company, the operating category will comprise passenger and ancillary revenues and the related operating cost base (including fuel, navigation and airport charges, aircraft maintenance, crew and other operating overheads). Interest on borrowings and on lease liabilities will be presented in the financing category. The Company will also consider adding a note for management-defined performance measures (MPMs), reconciling each MPM to the nearest IFRS subtotal and disclosing the zakat effect of each reconciling item. Activity ratios such as Revenue per Available Seat Kilometer (RASK)/Cost per Available Seat Kilometer (CASK) are not MPMs under IFRS 18 and will continue to be presented outside that note.

As a consequential change to the cash flow statement, when using the indirect method the starting point will become 'operating profit or loss'; the Company will also reassess labels and the aggregation/disaggregation of items across the primary statements and notes to improve clarity and comparability.

The Company will adopt IFRS 18 from its mandatory effective date of 1 January 2027 with retrospective application. Accordingly, the comparative information for the year ended 31 December 2026 will be restated and the financial statements will include the required reconciliations between the line items presented under IAS 1 and those presented under IFRS 18 for the immediately preceding comparative period (including interims). At this stage, based on our assessment to date, the management does not expect recognition or measurement changes; the impact is expected to be presentation and disclosure-related, including the introduction of the MPM note and the new subtotals.

34. Earnings per share

	2025	2024
Net (loss)/profit for the year	(526,999,611)	433,509,594
Total number of ordinary shares	170,851,983	153,425,000
Treasury shares	–	(8,320,237)
Weighted average number of ordinary shares for the purpose of basic/diluted Earnings per share	163,546,974	145,104,763
(Loss/earnings per share (⃁))		
– Basic	(3.22)	2.99
– Diluted	(3.22)	2.99

Basic earnings per share for the year ended 31 December 2025 was calculated by dividing the net loss/profit attributable to equity holders by the weighted average number of ordinary shares outstanding during the respective periods, in accordance with IAS 33 – Earnings per Share.

For the year ended 31 December 2025:

- 153,425,000 shares were outstanding from 1 January to 2 June 2025; and
- 170,851,983 shares were outstanding from 3 June to 31 December 2025, reflecting the new shares issued in connection with the IPO.

The weighted average number of shares for this period was approximately 163,546,974 shares.

During the year ended 31 December 2024, 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 was 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.

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 judgments 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.

35. Climate change impact (continued)

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

After 31 December 2025, the Company entered into a non-binding term sheet with the Syrian Civil Aviation Authority to explore forming a joint venture to establish and operate an airline in Syria under the flynas brand. The term sheet sets out preliminary commercial and operational principles and remains subject to due diligence, negotiation of definitive agreements and receipt of required regulatory approvals. As at 31 December 2025, no binding agreement had been executed and no conditions existed that would require adjustment to these financial statements. The potential financial impact will be accounted for in future periods.

Further, as of March 5, 2026, several civil aviation authorities in the Middle East have issued directives for the temporary closure or restriction of airspace following heightened regional security developments. These measures have resulted in widespread flight cancellations, rerouting, and operational delays across the region. Public advisories indicate full or partial airspace closures affecting certain Middle Eastern countries, with major Gulf hubs (Dubai, Abu Dhabi, and Doha) temporarily suspending or significantly limiting operations. Airlines, including Saudi carriers, have announced targeted route cancellations and schedule adjustments during this period.

In light of these government measures, the Company's regional operations have been disrupted on certain routes, and the situation remains uncertain as at the date of authorization of these financial statements. The potential financial impact, if any, cannot be reliably estimated at the date of authorization of these financial statements.

No other subsequent event has been identified for the year ended 31 December 2025.

37. Date of authorization

These financial statements were authorized for issuance on 9 March 2026 by the Board of Directors of the Company.

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