

**ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)**

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

FOR THE YEAR ENDED 31 DECEMBER 2024



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Robert R...

A smaller, more complex handwritten signature in black ink is located at the bottom right of the page, below the printed name.

ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
YEAR ENDED 31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS' OF ECU LINE SAUDI ARABIA LLC (MIXED LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Ecu Line Saudi Arabia LLC (Mixed Limited Liability Company) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit and loss and other comprehensive income, statement of changes in partners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") 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 are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of Companies' Law and Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.





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**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS' OF ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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.

for Ernst & Young Professional Services

Certified Public Accountant
License No. (----)

Jeddah: ----- 2025G
----- 1445H



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Note | 2024 SR | 2023 SR |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 5 | 197,019 | 186,693 |
| Right-of-use assets | 6 | 6,406,903 | 8,053,252 |
| Deferred tax assets | 15 | 1,680,348 | 1,357,740 |
| TOTAL NON-CURRENT ASSETS | | 8,284,270 | 9,597,685 |
| CURRENT ASSETS | | | |
| Trade receivables | 7 | 42,201,938 | 33,996,485 |
| Advances, prepayments and other current assets | 8 | 3,136,497 | 2,159,754 |
| Cash and bank balances | 9 | 405,863 | 631,046 |
| TOTAL CURRENT ASSETS | | 45,744,298 | 36,787,285 |
| TOTAL ASSETS | | 54,028,568 | 46,384,970 |
| PARTNERS' EQUITY AND LIABILITIES | | | |
| PARTNERS' EQUITY | | | |
| Capital | 1 | 1,350,000 | 1,350,000 |
| Statutory reserve | 10 | 512,766 | 512,766 |
| Accumulated loss / retained earnings | | (103,180) | 4,133,465 |
| TOTAL PARTNERS' EQUITY | | 1,759,586 | 5,996,231 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 6 | 5,187,368 | 6,857,401 |
| Employees' defined benefit liabilities | 12 | 5,357,495 | 5,130,799 |
| TOTAL NON-CURRENT LIABILITIES | | 10,544,863 | 11,988,200 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 13 | 35,766,723 | 21,396,250 |
| Lease liabilities | 6 | 1,670,032 | 1,567,376 |
| Accrued expenses and other current liabilities | 14 | 4,014,935 | 4,528,099 |
| Zakat and income tax payable | 15 | 272,429 | 908,814 |
| TOTAL CURRENT LIABILITIES | | 41,724,119 | 28,400,539 |
| TOTAL LIABILITIES | | 52,268,982 | 40,388,739 |
| TOTAL PARTNERS' EQUITY AND LIABILITIES | | 54,028,568 | 46,384,970 |

The attached notes from 1 to 24 form an integral part of these financial statements.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

| | Note | 2024 SR | 2023 SR |
|---|------|--------------------|--------------------|
| Revenue | 16 | 128,253,952 | 124,008,210 |
| Rental income | 6 | 9,778,165 | 6,538,883 |
| Total revenue | | 138,032,117 | 130,547,093 |
| Cost of revenue | | (115,312,431) | (103,819,460) |
| Gross profit | | 22,719,686 | 26,727,633 |
| General and administrative expenses | 17 | (23,383,486) | (21,831,678) |
| Operating (loss) / profit | | (663,800) | 4,895,955 |
| Finance costs | | (536,839) | (630,911) |
| Foreign exchange loss | | (51,474) | (312,598) |
| (Loss) / Profit before zakat and income tax | | (1,252,113) | 3,952,446 |
| Zakat | 15 | (15,802) | (166,122) |
| Income tax | | | |
| - Current | 15 | (256,627) | (1,031,188) |
| - Deferred | 15 | 440,781 | 205,184 |
| NET (LOSS) / PROFIT FOR THE YEAR | | (1,083,761) | 2,960,320 |
| OTHER COMPREHENSIVE INCOME | | | |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent years (net of tax):</i> | | | |
| Re-measurement gain on employees' defined benefits liabilities | 12 | 385,982 | 535,318 |
| Related to deferred tax | 15 | (118,173) | (74,945) |
| | | 267,809 | 460,373 |
| TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR | | (815,952) | 3,420,693 |



The attached notes from 1 to 24 form an integral part of these financial statements.

ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)
STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the year ended 31 December 2024

| | Saudi partner (30%) | | | Non-Saudi partner (70%) | | | Total | | | Total Equity |
|---|---------------------|----------------------------|----------------------------|-------------------------|----------------------------|----------------------------|---------------|----------------------------|---|--------------|
| | Capital SR | Statutory reserve SR | Retained earnings SR | Capital SR | Statutory reserve SR | Retained earnings SR | Capital SR | Statutory reserve SR | Retained Earnings / (accumulated loss) SR | |
| Balance as at 1 January 2023 | 405,000 | 153,830 | 2,238,385 | 945,000 | 358,936 | 4,321,939 | 1,350,000 | 512,766 | 6,560,324 | 8,423,090 |
| Profit before zakat and income tax | - | - | 1,185,734 | - | - | 2,766,712 | - | - | 3,952,446 | 3,952,446 |
| Provision for zakat and income tax | - | - | (166,122) | - | - | (826,004) | - | - | (992,126) | (992,126) |
| Profit for the year | - | - | 1,019,612 | - | - | 1,940,708 | - | - | 2,960,320 | 2,960,320 |
| Other comprehensive income for the year | - | - | 160,595 | - | - | 299,778 | - | - | 460,373 | 460,373 |
| Total comprehensive income for the year | - | - | 1,180,207 | - | - | 2,240,486 | - | - | 3,420,693 | 3,420,693 |
| Dividends (note 11) | - | - | (1,754,266) | - | - | (4,093,286) | - | - | (5,847,552) | (5,847,552) |
| Balance as at 31 December 2023 | 405,000 | 153,830 | 1,664,326 | 945,000 | 358,936 | 2,469,139 | 1,350,000 | 512,766 | 4,133,465 | 5,996,231 |
| Loss before zakat and income tax | - | - | (375,634) | - | - | (876,479) | - | - | (1,252,113) | (1,252,113) |
| Provision for zakat and income tax | - | - | (15,802) | - | - | 184,154 | - | - | 168,352 | 168,352 |
| Loss for the year | - | - | (391,436) | - | - | (692,325) | - | - | (1,083,761) | (1,083,761) |
| Other comprehensive income for the year | - | - | 115,795 | - | - | 152,014 | - | - | 267,809 | 267,809 |
| Total comprehensive loss for the year | - | - | (275,641) | - | - | (540,311) | - | - | (815,952) | (815,952) |
| Dividends (note 11) | - | - | (1,180,207) | - | - | (2,240,486) | - | - | (3,420,693) | (3,420,693) |
| Balance as at 31 December 2024 | 405,000 | 153,830 | 208,478 | 945,000 | 358,936 | (311,658) | 1,350,000 | 512,766 | (103,180) | 1,759,586 |

The attached notes from 1 to 24 form an integral part of these financial statements.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Note | 2024 SR | 2023 SR |
|--|------|--------------------|--------------------|
| OPERATING ACTIVITIES | | | |
| (Loss) / Profit before zakat and income tax | | (1,252,113) | 3,952,446 |
| Adjustments to reconcile profit for the year to net cash flows: | | | |
| Depreciation on right-of-use assets | 6 | 1,646,349 | 1,646,349 |
| Allowance for expected credit loss | 7(a) | 2,081,265 | 520,000 |
| Employee termination benefits incurred | 12 | 1,178,558 | 1,075,334 |
| Depreciation on property and equipment | 5 | 93,733 | 111,747 |
| Finance costs | | 536,839 | 630,911 |
| | | <u>4,284,631</u> | <u>7,936,787</u> |
| Working capital adjustments: | | | |
| Trade receivables | | (10,286,718) | 10,090,553 |
| Advances, prepayments and other current assets | | (976,743) | 1,966,901 |
| Accounts payable | | 14,370,473 | (6,079,013) |
| Accrued expenses and other current liabilities | | (513,164) | (4,025,179) |
| | | <u>6,878,479</u> | <u>9,890,049</u> |
| Cash generated from operations | | | |
| | | <u>6,878,479</u> | <u>9,890,049</u> |
| Employees' defined benefit liabilities paid | 12 | (565,880) | (134,707) |
| Financial charges paid | | (184,398) | (630,911) |
| Income tax paid | 15 | (908,814) | (1,632,502) |
| | | <u>(1,659,092)</u> | <u>(2,408,120)</u> |
| Net cash flows from operating activities | | <u>5,219,387</u> | <u>7,491,929</u> |
| INVESTING ACTIVITY | | | |
| Purchase of property and equipment | 5 | (104,059) | (42,090) |
| | | <u>(104,059)</u> | <u>(42,090)</u> |
| Cash flows used in investing activity | | | |
| | | <u>(104,059)</u> | <u>(42,090)</u> |
| FINANCING ACTIVITIES | | | |
| Dividends paid | 11 | (3,420,693) | (5,847,552) |
| Payment of lease liabilities | 6 | (1,919,818) | (1,919,818) |
| | | <u>(5,340,511)</u> | <u>(7,767,370)</u> |
| Cash flows used in financing activities | | | |
| | | <u>(5,340,511)</u> | <u>(7,767,370)</u> |
| NET DECREASE IN CASH AND BANK BALANCES | | <u>(225,183)</u> | <u>(317,531)</u> |
| Cash and bank balances at the beginning of the year | 9 | 631,046 | 948,577 |
| CASH AND BANK BALANCES AT THE END OF THE YEAR | 9 | <u>405,863</u> | <u>631,046</u> |

The attached notes from 1 to 24 form an integral part of these financial statements.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2024

1 COMPANY INFORMATION

Ecu Line Saudi Arabia LLC (the "Company") is a Mixed Limited Liability Company registered in the Kingdom of Saudi Arabia under Unified Identification No. 7001749725 issued in Jeddah on 6 Rabi'Alawal 1433H (29 January 2012). The Company has obtained SAGIA license No. 1020321111943 on 4 Dhul Qi'dah 1432 (2nd October 2011). The registered address of the Company is Muhammadiyah Plaza, Madina Munawara road, PO Box 104071, Jeddah 21331, Kingdom of Saudi Arabia.

The Company is mainly engaged in the operation of storage facilities for all types of goods (except foodstuffs), shipping and dispersal services in general, storage in ports and customs or free zones, loading and unloading of goods and passenger luggage regardless of the mode of transport, loading and unloading of air cargo aircraft, freight brokers, activities of transport agencies, sea freight and parcel transport (domestic).

The shareholding of the Company as of December 31, 2024 and December 31, 2023 is as follows:

| | <u>Nationality</u> | <u>Equity %</u> | <u>No. of Shares</u> | <u>Capital</u> SR |
|--|--------------------|-----------------|----------------------|----------------------|
| Najd Trading and General Contracting Company | Saudi | 30 | 40,500 | 405,000 |
| Ecuhold N. V | Non-Saudi | 70 | 94,500 | 945,000 |
| | | <u>100</u> | <u>135,000</u> | <u>1,350,000</u> |

The Company has the following branches:

| <u>No.</u> | <u>Branch</u> | <u>CR Number</u> | <u>Dated</u> |
|------------|---------------|------------------|---|
| 1 | Dammam | 2050102137 | 3 Muharram 1435 (06 November 2013) |
| 2 | Riyadh | 1010947257 | 24 Jumada Al-Akhirah 1439 (12 March 2018) |

The results, assets and liabilities of the branches are included in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the applicable provisions of the Regulations for Companies and the Company's articles of association.

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention using the accruals basis of accounting and the going concern assumption.

2.3 Functional and presentation currency

The financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

- Financial instruments risk management objective and policies (note 20)
- Capital management (note 21)



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Judgements

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

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Revenue from contracts with customers

Satisfaction of performance for obligation

The Company is required to assess for each of its contract with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

Determination of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract. In determining the impact of variable consideration, the Company uses the "most-likely amount" method in IFRS 15 whereby the transactions price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Determining the lease term of contracts with termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate. That is, it considers all relevant factors that create an economic incentive for it. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to terminate (e.g., a change in business strategy).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas.

Useful lives and residual value of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Provision for expected credit losses ("ECLs") of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

2 BASIS OF PREPARATION (continued)

2.4 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Provision for expected credit losses ("ECLs") of trade receivables (continued)

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 20.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflow ("DCF") model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit plan

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 12.

Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Recoverability of deferred tax asset

The Company is required by IAS 12 to assess that it will have sufficient taxable profit in the future to realize its deferred tax asset. The Company makes budget and other assessment to evaluate that it will be generating sufficient taxable profit in the future to realize its deferred tax asset.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION

The following are the material accounting policies applied by the Company consistently in preparing its financial statements except for the new and amended standards and interpretations as disclosed in note 4.1:

Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax asset or liabilities are classified as non-current.

Fair value measurement

The Company measures financial instruments at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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

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



3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Foreign currencies

Transactions in foreign currencies are initially recorded at the spot rate ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset including costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, where applicable.

Subsequent costs

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

Depreciation

Depreciation is calculated over depreciable amount, which is the cost of an asset or other amount substitute for cost, less its residual value. The depreciable amount is depreciated on a straight-line basis over the estimated useful lives of the assets and is generally recognized in the statement of profit or loss account and other comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | Years |
|------------------------|-------|
| Furniture and fixtures | 4 |
| Office equipment | 3 |
| Forklift | 4 |
| Vehicle | 4 |

Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, are recognized in statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets (continued)

If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessor

The Company has entered into operating leases by subletting its warehouse property taken on lease. Rental income arising is short term in nature and included in revenue in the statement of profit and loss and other comprehensive income due to its operating nature.

Company as a lessee

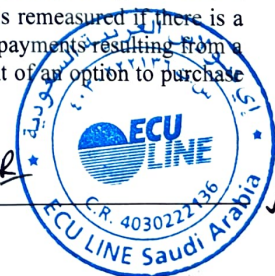
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate, if any. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Company as a lessee (continued)

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial instruments

Financial assets

Classification of financial assets

On initial recognition, a financial asset is classified as amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through statement of profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial asset at FVOCI

Debt instruments:

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The financial assets measured at FVOCI have been classified as non-current assets in the statement of financial position.

Equity instruments:

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Business model assessment (continued)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

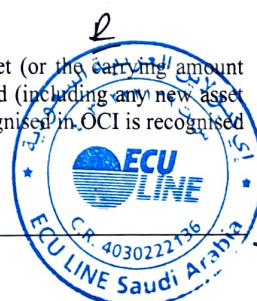
In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money- e.g. periodical reset of interest rates.

Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of comprehensive income.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of Financial Assets (continued)

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset

Offsetting of financial instruments

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

Financial assets (continued)

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a Group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and bank balances equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and cash on hand.

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. Where the Company expects some or all a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee termination benefits

The Company operates a defined benefit scheme for its employees in accordance with labor regulations applicable in the Kingdom of Saudi Arabia. This benefit is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other profit or loss and other comprehensive income in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'general and administrative expenses' in the statement of profit or loss and other comprehensive income (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liability as at fair value through profit or loss.

Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing borrowings.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities (continued)

Derecognition

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

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Revenue recognition

The Company recognizes revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer. The Company applies a five-step model to determine when to recognize revenue and at what amount.

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

Freight and related income

Freight and related income are recognized upon delivery of shipment to the customer as the sales process is considered complete and the control is transferred to the customer that performance obligation is satisfied.

Rental income

The company provides warehouse storage services to its customers on the port. The income from storage services meets the definition of operating lease under IFRS - 16. Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Other income

Other income that are incidental to the Company's business model are recognized as income as they are earned or accrued.

Expenses

Direct costs

Direct cost represents all expenses directly attributable or incidental to the core operating activities of the Company

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of the core business operations. Allocations between cost of sales and general and administrative expenses, when required, are made on a consistent basis.

Finance costs

Finance costs are recorded in the statement of profit or loss and other comprehensive income of the period in which these are incurred.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and tax

Zakat

Zakat is provided for in accordance with the Saudi Arabian fiscal regulations. Zakat provision is charged to the statement of comprehensive income. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which settlement is finalised.

Income tax

Income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the statement of comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases and liabilities and their carrying amounts for the financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised on all deductible temporary differences, carry forward of unused tax credits and unused tax losses only to the extent that it is probable that taxable profit will be available against which these assets can be utilised.

The carrying amount of deferred tax assets/liabilities is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset/liability to be utilised. Unrecognised deferred tax assets/liabilities are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered and deferred tax liability to be settled.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

Withholding tax

The Company withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of value added tax included

Dividends

Dividend are recognized as a liability at the time of their approval by the shareholders.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2023, except for the adoption of new standards and interpretations effective for annual period beginning on or after 1 January 2024, as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Although these new standards and amendments applied for the first time in 2024, they did not have a material impact on the financial statements of the Company. The new and amended standards and interpretations applied during the year are disclosed below:

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

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

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

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

4.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The amendments are not expected to have a material impact on the Company's financial statements.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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



ECU LINE SAUDI ARABIA LLC
(MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)

4.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

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

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

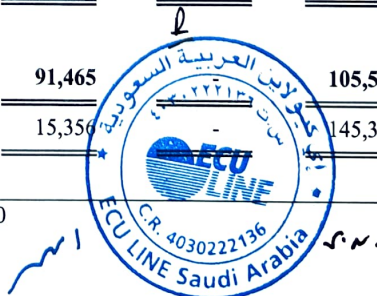
IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

5 PROPERTY AND EQUIPMENT

| | <i>Furniture & fixtures SR</i> | <i>Office equipment SR</i> | <i>Forklift SR</i> | <i>Vehicles SR</i> | <i>Total SR</i> |
|----------------------------------|--|------------------------------------|------------------------|------------------------|---------------------|
| Cost: | | | | | |
| At 1 January 2023 | 932,644 | 571,052 | 267,916 | 480,647 | 2,252,259 |
| Additions | - | 42,090 | - | - | 42,090 |
| At 31 December 2023 | <u>932,644</u> | <u>613,142</u> | <u>267,916</u> | <u>480,647</u> | <u>2,294,349</u> |
| Additions | - | 104,059 | - | - | 104,059 |
| At 31 December 2024 | <u>932,644</u> | <u>717,201</u> | <u>267,916</u> | <u>480,647</u> | <u>2,398,408</u> |
| Accumulated depreciation: | | | | | |
| At 1 January 2023 | 880,303 | 542,253 | 267,916 | 305,437 | 1,995,909 |
| Charge for the year (note 17) | 26,331 | 55,533 | - | 29,883 | 111,747 |
| At 31 December 2023 | <u>906,634</u> | <u>597,786</u> | <u>267,916</u> | <u>335,320</u> | <u>2,107,656</u> |
| Charge for the year (note 17) | 26,010 | 27,950 | - | 39,773 | 93,733 |
| At 31 December 2024 | <u>932,644</u> | <u>625,736</u> | <u>267,916</u> | <u>375,093</u> | <u>2,201,389</u> |
| Net book value: | | | | | |
| At 31 December 2024 | - | 91,465 | - | 105,554 | 197,019 |
| At 31 December 2023 | 26,010 | 15,356 | - | 145,327 | 186,693 |



ECU LINE SAUDI ARABIA LLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

6 RIGHT OF USE ASSETS AND LEASE LIABILITIES

| | 2024 SR | 2023 SR |
|----------------------------------|-------------------|-------------------|
| Cost: | | |
| As at 1 January | 15,587,908 | 15,587,908 |
| Additions | - | - |
| As at 31 December | 15,587,908 | 15,587,908 |
| Accumulated Amortization: | | |
| As at 1 January | 7,534,656 | 5,888,307 |
| Charge for the year (note 17) | 1,646,349 | 1,646,349 |
| As at 31 December | 9,181,005 | 7,534,656 |
| Net Book value | 6,406,903 | 8,053,252 |
| Lease Liability: | | |
| As at 1 January | 8,424,777 | 9,920,141 |
| Accretion of interest | 352,441 | 424,454 |
| Payments during the year | (1,919,818) | (1,919,818) |
| As at 31 December | 6,857,400 | 8,424,777 |
| Non-current lease liabilities | 5,187,368 | 6,857,401 |
| Current lease liabilities | 1,670,032 | 1,567,376 |
| | 6,857,400 | 8,424,777 |

*The Company reported rental income of SR 9.78 million for the year (2023: SR 6.54 million) in the statement of profit and loss and other comprehensive income from the subletting of its warehouse to customers.

7 TRADE RECEIVABLES

| | 2024 SR | 2023 SR |
|---|-------------------|-------------------|
| Accounts receivable - third parties | 45,084,056 | 37,611,068 |
| Amounts due from related parties (note 18) | 3,232,411 | 418,681 |
| | 48,316,467 | 38,029,749 |
| Less: allowance for expected credit loss (note 7 (a)) | (6,114,529) | (4,033,264) |
| | 42,201,938 | 33,996,485 |

Accounts receivable are unsecured and non-interest bearing and are generally on terms of 30 to 90 days.

a) Movement in the allowance for expected credit losses of receivables is as follows:

| | 2024 SR | 2023 SR |
|-------------------------------|------------------|------------------|
| As at 1 January | 4,033,264 | 3,513,264 |
| Charge for the year (note 17) | 2,081,265 | 520,000 |
| As at 31 December | 6,114,529 | 4,033,264 |



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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

8 ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

| | 2024 SR | 2023 SR |
|-----------------------------|------------------|------------------|
| Prepaid expenses | 1,382,228 | 970,639 |
| Receivables from employees | 972,816 | 895,284 |
| Advance payment to supplier | 747,203 | 39,871 |
| Refundable deposits | 34,250 | 34,250 |
| Contract assets | - | 219,710 |
| | <u>3,136,497</u> | <u>2,159,754</u> |

9 CASH AND BANK BALANCES

| | 2024 SR | 2023 SR |
|--------------|----------------|----------------|
| Cash at bank | 380,369 | 596,761 |
| Cash in hand | 25,494 | 34,285 |
| | <u>405,863</u> | <u>631,046</u> |

10 STATUTORY RESERVE

In accordance with Articles of Association of the Company, the Company must set aside 10% of its net profit for the year, after deducting losses brought forward in each year, until it has built up a reserve equal to 30% of the capital. The Company may resolve to discontinue such transfers when the reserve totals 30% of the capital. The reserve is not available for distribution. However, the Company has decided to maintain the statutory reserve at 38% of the capital and has restricted further transfers.

Moreover, subsequent to the year end, the Company is in process of amendment in its Articles of Association, in order to comply with the new Companies' Law effective from 19 January 2023, whereby the requirement of maintaining a statutory reserve has been withdrawn (as required under the previous Companies' Law and Articles of Association of the Company).

11 DIVIDEND PAYABLE

During 2024, dividend of SR 3.4 million relating to 2023 was declared and it's paid during FY 2024. For FY 2023, dividend of SR 5.8 million relating to 2022 was declared and was paid during FY 2023.



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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

12 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The movement in employees' termination benefits, a defined benefit plan, during the year is as follows:

| | 2024 SR | 2023 SR |
|--|------------------|------------------|
| As at 1 January | 5,130,799 | 4,725,490 |
| <i>Included in statement of profit or loss</i> | | |
| Current service cost | 935,566 | 868,877 |
| Interest cost | 242,992 | 206,457 |
| | <u>1,178,558</u> | <u>1,075,334</u> |
| | 6,309,357 | 5,800,824 |
| <i>Included in statement of other comprehensive income</i> | | |
| Re-measurement gain on employees' defined benefits liabilities | (385,982) | (535,318) |
| Benefits paid | (565,880) | (134,707) |
| As at 31 December | <u>5,357,495</u> | <u>5,130,799</u> |

The following were the principal actuarial assumptions applied at the reporting date:

| | 2024 | 2023 |
|----------------------------|-------|---------------------------------------|
| Discount factor used | 5.34% | 5.02% |
| Salary increase rate | 4.25% | 7.00% first year; 4.25% thereafter |
| Rates of employee turnover | 13% | 9.00% |

The quantitative sensitivity analysis for principal assumptions is as follows:

| | 2024 SR | 2023 SR |
|-----------------------|------------|------------|
| Discount rate: | | |
| +1% increase | (337,057) | (320,561) |
| -1% decrease | 136,529 | 362,386 |
| Salary increase rate: | | |
| +1% increase | 136,710 | 360,755 |
| -1% decrease | (341,398) | (325,214) |
| Withdrawal rate : | | |
| +1% increase | (112,994) | 2,015 |
| -1% decrease | (113,171) | (2,912) |



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

13 ACCOUNTS PAYABLE

| | 2024 SR | 2023 SR |
|--|-------------------|-------------------|
| Accounts payable - related parties (note 18) | 29,556,996 | 14,841,426 |
| Accounts payable - third parties | 6,209,727 | 6,554,824 |
| | <u>35,766,723</u> | <u>21,396,250</u> |

14 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | 2024 SR | 2023 SR |
|-------------------------|------------------|------------------|
| Advances from customers | 1,034,031 | 817,472 |
| Accrued expenses | 2,596,691 | 1,959,647 |
| Unearned revenue | 384,213 | 1,750,980 |
| | <u>4,014,935</u> | <u>4,528,099</u> |

15 ZAKAT AND INCOME TAX PAYABLE

Basis for Zakat and income tax:

The Company is subject to zakat and income tax. Zakat is payable on higher of adjusted profit or the zakat base. Zakat is applicable at 2.5% on adjusted profit & 2.578% on zakat base. Income tax is payable at 20% of adjusted profit.

Zakat and income tax charges

| Income tax | 2024 SR | 2023 SR |
|--|------------------|----------------|
| Income tax recorded in statement of profit or loss | | |
| Current tax | 256,627 | 1,031,188 |
| Deferred tax | (440,781) | (205,184) |
| | <u>(184,154)</u> | <u>826,004</u> |
| Income tax recorded in statement of other comprehensive income | 118,173 | 74,945 |

Deferred tax

| | 2024 SR | 2023 SR |
|---|------------------|------------------|
| As at 1 January | 1,357,740 | 1,227,501 |
| Deferred tax credit during the year recognised in statement of profit or loss | 440,781 | 205,184 |
| Deferred tax credit to other comprehensive income | (118,173) | (74,945) |
| As at 31 December | <u>1,680,348</u> | <u>1,357,740</u> |



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

15 ZAKAT AND INCOME TAX PAYABLE (continued)

Deferred Tax (continued)

Deferred tax assets recognized due to temporary differences arising on:

| | 2024 SR | 2023 SR |
|--|------------------|------------------|
| Employee termination benefits | 750,049 | 718,312 |
| Allowance for expected credit losses | 856,034 | 564,657 |
| Accelerated depreciation on property and equipment | 74,265 | 74,771 |
| | <u>1,680,348</u> | <u>1,357,740</u> |

Zakat

The zakat charge for the year relating to the Saudi partner consists of:

| | 2024 SR | 2023 SR |
|----------------------------|---------------|----------------|
| Current year provision | 15,802 | 118,799 |
| Adjustment for prior years | - | 47,323 |
| | <u>15,802</u> | <u>166,122</u> |

The principal elements of the zakat base are as follows:

| | 2024 SR | 2023 SR |
|---|----------------|------------------|
| Opening Partners' equity | 512,674 | 558,830 |
| Opening Provision and other adjustments | 474,460 | 2,414,221 |
| Zakatable results for the year | (375,782) | 1,686,514 |
| Zakat base | <u>611,352</u> | <u>4,659,565</u> |

The differences between the financial and the zakatable results are mainly due to adjustments for certain costs / claims based on the relevant fiscal regulations.



ECU LINE SAUDI ARABIA LLC
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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

15 ZAKAT AND INCOME TAX PAYABLE (continued)

Movement in current zakat and income tax provision for the year is as follows:

| | 2024 | | | 2023 |
|-------------------------------|-------------|---------------------|-------------|-------------|
| | Zakat SR | Income Tax SR | Total SR | Total SR |
| As at 1 January | 118,798 | 790,016 | 908,814 | 1,345,845 |
| Charge for the year | 15,802 | 256,627 | 272,429 | 908,814 |
| Adjustment for prior year | - | - | - | 286,657 |
| Payments made during the year | (118,798) | (790,016) | (908,814) | (1,632,502) |
| As at 31 December | 15,802 | 256,627 | 272,429 | 908,814 |

Status of assessment

The ZATCA has finalized the assessment for all the years until December 31, 2020.

The Company has submitted its Tax and Zakat returns up to year ended December 31, 2024, and obtained the required certificates and official receipts.

The assessment for the years ended December 31, 2021, through 2024 are currently under review by ZATCA.

16 REVENUE

Segments

| | 2024 SR | 2023 SR |
|----------------------------------|--------------------|--------------------|
| Type of services | | |
| Air freight and related income | 17,882,666 | 16,059,867 |
| Ocean freight and related income | 110,371,286 | 107,948,343 |
| | <u>128,253,952</u> | <u>124,008,210</u> |

Geographical markets

| | 2024 SR | 2023 SR |
|----------------|--------------------|--------------------|
| Central region | 29,305,775 | 46,110,958 |
| Eastern region | 53,310,573 | 33,794,868 |
| Western region | 37,705,790 | 37,405,358 |
| Exports | 7,931,814 | 6,697,026 |
| | <u>128,253,952</u> | <u>124,008,210</u> |



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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

17 GENERAL AND ADMINISTRATIVE EXPENSES

| | 2024 SR | 2023 SR |
|---|-------------------|-------------------|
| Employee benefits | 16,180,406 | 16,737,955 |
| Allowance for expected credit loss (note 7 (a)) | 2,081,265 | 520,000 |
| Depreciation on right of use assets (note 6) | 1,646,349 | 1,646,349 |
| Consultancy fees | 956,160 | 600,492 |
| Insurance | 936,421 | 884,045 |
| Others | 656,654 | 291,818 |
| Telephone and internet charges | 250,614 | 228,327 |
| Traveling and transportation | 235,259 | 263,600 |
| Technical support service fees | 151,683 | 152,119 |
| Maintenance charges | 120,741 | 195,087 |
| Depreciation (note 5) | 93,733 | 111,747 |
| Short term lease rent expense | 74,201 | 82,247 |
| Government fees | - | 117,892 |
| | <u>23,383,486</u> | <u>21,831,678</u> |

18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent associated companies, major partners, directors and key management personnel of the Company, managers and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

| Name | Relationship |
|-----------------------------------|--------------|
| Ecu-Hold N.V. | Partner |
| Allcargo India | Affiliate |
| Allcargo Logistics Korea Co. Ltd. | Affiliate |
| Allcargo Logistics LLC | Affiliate |
| Asiapac Turkey Tasimacilik As | Affiliate |
| Econocaribe | Affiliate |
| Ecu -Line Dubai | Affiliate |
| Ecu -Line Germany Gmbh | Affiliate |
| Ecu -Line Qingdao | Affiliate |
| Ecu -Line Vietnam | Affiliate |
| Ecu -Logistics de Mexico | Affiliate |
| Ecu Worldwide China Ltd. | Affiliate |
| Ecu Worldwide USA | Affiliate |
| Ecu -Line France | Affiliate |
| Ecu -Line Guangzhou | Affiliate |
| Ecu -Line Italy | Affiliate |
| Ecu -Line Malaysia Sdn Bhd | Affiliate |
| Ecu -Line N.V. | Affiliate |
| Ecu -Line Ningbo | Affiliate |
| Ecu -Line Philippines | Affiliate |
| Ecu -Line Rotterdam bv | Affiliate |
| Ecu -Line Shanghai | Affiliate |
| Ecu -Line Shenzhen | Affiliate |
| Ecu -Line Spain SL | Affiliate |
| Ecu -Line Thailand | Affiliate |
| Ecu -Line Turkey | Affiliate |
| Ecu -Line UK Ltd | Affiliate |
| Fair Trade Hb | Affiliate |
| Fcl Marine | Affiliate |



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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2024

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

| <i>Name</i> | <i>Relationship</i> |
|------------------------------|---------------------|
| Fel Marine Belgium | Affiliate |
| Fel Marine GmbH (Bremen) | Affiliate |
| Fma Italy (Fel Marine Italy) | Affiliate |
| Oriental Power Log Co Ltd | Affiliate |
| Prolinair | Affiliate |
| Transcino LDA | Affiliate |

a) The following table provides the total amount of material transactions that have been entered into with related parties:

| <i>Related parties</i> | <i>Nature of transactions</i> | <i>Amount of transactions</i> | |
|---------------------------------|--|-------------------------------|--------------|
| | | <i>2024</i> | <i>2023</i> |
| | | <i>SR</i> | <i>SR</i> |
| Partner | Technical support service fees | (151,683) | (152,119) |
| Affiliate | Sales | 4,227,997 | 8,768,107 |
| Affiliate | Expenses incurred on behalf of the company | (45,102,151) | (28,471,870) |
| Key management personnel | | | |
| Salaries and other benefits | | 682,446 | 1,229,916 |
| End of service benefits | | 1,088,572 | 914,760 |

The above transactions resulted in the following balances at year end:

Amounts due from related parties as at 31 December comprises the following:

| | <i>2024</i> | <i>2023</i> |
|-------------------------------|------------------|----------------|
| | <i>SR</i> | <i>SR</i> |
| Ecu South Africa | 3,556 | 17,905 |
| Ecu Logistics de Mexico | 6,991 | 12,899 |
| Ecu Worldwide China LTD. | - | 197,161 |
| Allcargo | 91,575 | - |
| Allcargo Logistics LLC | 46,744 | - |
| Asiapac Turkey Tasimacilik As | 13,771 | - |
| Econocaribe | 30,594 | - |
| Ecu Line Doha | 257,645 | - |
| Ecu Line Dubai | 79,172 | - |
| Ecu Line Germany GmbH | 5,825 | - |
| Ecu Worldwide Bulgaria | 10,756 | - |
| Ecu-Line France | 25,977 | - |
| Ecu-Line Italy | 37,074 | - |
| Ecu-Line Lebanon | 967 | - |
| Ecu-Line N.V. | 80,023 | - |
| Ecu-Line Ningbo | 90,287 | - |
| Ecu-Line Shanghai | 866,383 | - |
| Ecu-Line Singapore | 2,132 | - |
| Others | 1,582,939 | 190,716 |
| | 3,232,411 | 418,681 |



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Amounts due to related parties as at 31 December comprises the following:

| | 2024 SR | 2023 SR |
|---|-------------------|-------------------|
| Ecu Shenzhen IC | 7,743,162 | 4,323,793 |
| Ecu Line Dubai | - | 1,470,833 |
| Ecu Worldwide Vietnam Co. Ltd | 786,743 | 1,039,315 |
| Ecu Line Qingdao | 1,256,722 | 904,923 |
| Asiapac Turkey Tasimacilik AS | 20,500 | 680,315 |
| Econocaribe | - | 643,076 |
| Ecu Line Ningbo | 1,901,736 | 641,407 |
| Ecu Guangzhou IC | 872,856 | 565,331 |
| Ecu Worldwide (UK) Limited | 470,851 | 423,044 |
| Ecu Worldwide (Germany) GmbH | 644,314 | 379,809 |
| Ecu Line Shanghai | 2,308,157 | 376,329 |
| Allcargo India | - | 311,360 |
| Ecu Thailand | 1,424,152 | 296,455 |
| Ecu Prolinair | - | 225,134 |
| Ecu Worldwide (Belgium) NV | 305,649 | 221,374 |
| Ecu-Line Spain SL | 71,452 | 213,701 |
| Fair Trade HB | - | 201,286 |
| Fcl Marine gmbh (bremen) | 204,494 | 197,349 |
| Allcargo logistics korea co. ltd. | 39,417 | 151,152 |
| Fcl Marine Belgium | 25,938 | 137,075 |
| Ecu Line France | 114,270 | 135,680 |
| Fma Italy (Fcl Marine Italy) | - | 126,499 |
| Ecu Line Turkey | - | 125,925 |
| Allcargo Logistics LLC | 653,520 | 80,912 |
| Ecu Line Malaysia Sdn | 205,891 | 78,061 |
| Ecu Line Italy | 127,492 | 75,118 |
| Ecu Worldwide USA | 697,983 | 65,369 |
| Transcino, LDA Portugal | - | 46,485 |
| Oriental Power log | - | 30,022 |
| Ecu Line Rotterdam B.V. | - | 15,163 |
| Ecu Line Middle East LLC | 2,932,581 | - |
| Allcargo Dubai LLC | 880,487 | - |
| Asiapac Turkey Tasimacilik A.S. | 824,209 | - |
| Allcargo Logistics Korea Co. Ltd. | 39,417 | - |
| Allcargo Logistics Ltd. - FCL | 50,678 | - |
| Eculine Worldwide Logistics Co.Ltd. | 288,650 | - |
| Fma Line France | 101,039 | - |
| Ecu Worldwide Polska | 264,452 | - |
| Asiapac Turkey Tasimacilik AS | 187,819 | - |
| Ecu Worldwide France | 114,270 | - |
| Ecu Worldwide Baltics Sia | 44,874 | - |
| Ecu-Line Spain S.L. | 71,452 | - |
| Ecu-Line Taiwan | 72,992 | - |
| Ecu Worldwide Guangzhou Limited Xiamen Branch | 97,372 | - |
| Others | 3,711,405 | 659,131 |
| | 29,556,996 | 14,841,426 |

- The amounts are classified as trade receivables and trade payables, respectively (see Notes 7 and 13)



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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2024

19 FINANCIAL INSTRUMENTS

19.1 Financial assets measured at amortized cost

| | 2024 SR | 2023 SR |
|------------------------|-------------------|-------------------|
| Trade receivable | 42,201,938 | 33,996,485 |
| Other current assets | 1,007,066 | 2,125,504 |
| Cash and bank balances | 405,863 | 631,046 |
| | <u>43,614,867</u> | <u>36,753,035</u> |

19.2 Financial liabilities measured at amortized cost

| | 2024 SR | 2023 SR |
|---------------------------|-------------------|-------------------|
| Accounts payable | 35,766,723 | 21,396,250 |
| Other current liabilities | 2,596,691 | 3,710,627 |
| Lease liability | 6,857,400 | 8,424,777 |
| | <u>45,220,814</u> | <u>33,531,654</u> |

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities are accounts payable, lease liability, dividend payable and other current liabilities. The Company's principal financial assets include accounts receivable, cash and bank balances and other current assets that arrive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk, explained as follows:

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company is not exposed to interest rate risk as the Company does not have any interest-bearing assets and liabilities as at 31 December 2024 (31 December 2023: SR Nil).

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. During the year ended 31 December 2024 and 31 December 2023, the Company did not undertake significant transactions in currencies other than Saudi Riyals, Euro, GBP and US Dollars. Since Saudi Riyal is pegged to US Dollar, the Company is not exposed to any significant currency risk at year end. Transactions in other foreign currencies are not material and hence the Company is not exposed to any significant currency risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily on trade and other receivables) and on its cash at bank balances:



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At 31 December 2024

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

i) Trade and other receivables

Credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

As at 31 December 2024, the Company's top 5 customers owed more than 23% of outstanding accounts receivable (2023: 27%).

An impairment analysis is performed at reporting date using a provision matrix to measure expected credit losses.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

| | 31 December 2024 | | | | |
|--|------------------|--------------|--------------|------------|------------|
| | 30-90 days | 91-180- days | 181-365 days | > 365 days | Total |
| Expected credit loss rate | 2.08% | 6.07% | 22.64% | 25.34% | 11.17% |
| | SR | SR | SR | SR | SR |
| Estimated total gross carrying amount at default | 18,324,323 | 8,362,591 | 6,619,261 | 15,010,292 | 48,316,467 |
| Expected credit loss | 358,385 | 459,417 | 1,310,554 | 3,986,173 | 6,114,529 |

| | 31 December 2023 | | | | |
|--|------------------|--------------|--------------|------------|------------|
| | 30-90 days | 91-180- days | 181-365 days | > 365 days | Total |
| Expected credit loss rate | 1.02% | 2.99% | 12.08% | 30.40% | 10.61% |
| | SR | SR | SR | SR | SR |
| Estimated total gross carrying amount at default | 14,854,281 | 6,851,788 | 7,021,071 | 9,302,609 | 38,029,749 |
| Expected credit loss | 151,761 | 205,071 | 848,261 | 2,828,171 | 4,033,264 |

i) Cash at bank balance

With regards to credit risk arising out of cash at bank balances, the Company manages its credit risk by depositing its cash with reputable banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity requirements are monitored on a regular basis and the Company's management ensures that sufficient funds are available to meet any commitments as they arise.

At 31 December 2024 and 31 December 2023, all of the entity's financial liabilities were contractually due and payable within 12 months of the year-end except lease liabilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:



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At 31 December 2024

20 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

| 31 December 2024 | Less than 3 months SR | 3 to 12 months SR | 1 to 5 years SR | > 5 years SR | Future interest SR | Total SR |
|---------------------------|-----------------------------|-------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Accounts payable | 6,247,840 | 29,556,996 | - | - | - | 35,766,723 |
| Other current liabilities | 572,065 | 2,024,626 | - | - | - | 2,596,691 |
| Lease liabilities | 624,941 | 1,398,601 | 5,550,157 | - | (716,297) | 6,857,401 |
| Total | 7,406,733 | 32,980,223 | 5,550,157 | - | (716,297) | 17,924,727 |

| 31 December 2024 | Less than 3 months SR | 3 to 12 months SR | 1 to 5 years SR | > 5 years SR | Future interest SR | Total SR |
|---------------------------|-----------------------------|-------------------------|-----------------------|------------------|--------------------------|-------------------|
| Accounts payable | 6,554,824 | 14,841,426 | - | - | - | 21,396,250 |
| Other current liabilities | 817,471 | 2,893,156 | - | - | - | 3,710,627 |
| Lease liabilities | 501,267 | 1,378,651 | 6,456,659 | 1,037,240 | (1,061,753) | 8,424,777 |
| Total | 7,873,562 | 19,113,233 | 6,456,659 | 1,037,240 | (1,061,753) | 33,531,654 |

21 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the partners of the Company. The primary objective of capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to partners.

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Company's financial assets consist of bank balances and cash, due from related parties and advances to employees. Its financial liabilities consist of trade and other payables and lease liabilities.

There were no transfers between Level 1, Level 2 and Level 3 during the years.

23 Contingent liabilities

During 2022, the Company received invoices from the Parent Company amounting to USD 172,344 towards cross-charging of fees for the TOPAZ project and USD 22,901 for insurance charges summing to USD 195,245 (SR 732,169). However the Company disputed the same as the Parent Company is yet to provide the workings and basis for the amount cross charged to the Company. Accordingly, the Company believes that the probability of settling these liabilities are unlikely.

24 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the partners of the Company on ----- 2025 (corresponding to ----- 1446H).

