

ARAMEX PJSC AND ITS SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024



**Ernst & Young Middle East
(Dubai Branch)**
P.O. Box 9267
ICD Brookfield Place, Ground Floor
Al-Mustaqbal Street
Dubai International Financial Centre
Emirate of Dubai
United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com

PL No. 108937

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ARAMEX PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Aramex PJSC (the “Company”) and its subsidiaries (collectively the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 September 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and nine months period, and the interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of the Group are not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 and the interim condensed consolidated financial statements for the period ended 30 September 2023 were audited and reviewed by another auditor who expressed an unqualified opinion and an unqualified conclusion on those statements on 8 February 2024 and 8 November 2023, respectively.

For Ernst & Young

Ashraf Abu Sharkh
Registration No. 690

7 November 2024

Dubai, United Arab Emirates

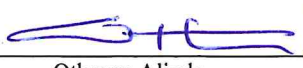
Aramex PJSC and its Subsidiaries

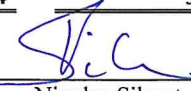
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024 (Unaudited)

	Notes	30 September 2024 AED '000 (Unaudited)	31 December 2023 AED '000 Audited
ASSETS			
Non-current assets			
Property and equipment	4	852,792	881,142
Right of use assets	5	840,634	863,982
Goodwill	3	1,771,403	1,750,191
Other intangible assets		306,547	309,935
Investments in joint ventures and associates		35,506	35,007
Financial assets at fair value through other comprehensive income		18,007	17,574
Deferred tax assets		32,689	26,110
Other non-current assets		18,401	7,019
		<u>3,875,979</u>	<u>3,890,960</u>
Current assets			
Accounts receivable, net		1,047,685	1,090,468
Other current assets		329,454	266,304
Bank balances and cash	6	447,455	575,210
		<u>1,824,594</u>	<u>1,931,982</u>
Assets held for sale		3,221	4,898
TOTAL ASSETS		<u>5,703,794</u>	<u>5,827,840</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		1,464,100	1,464,100
Own shares held by the liquidity provider	15	(2,751)	-
Reserve on trading in own shares	15	(4,391)	-
Statutory reserve		500,814	500,814
Foreign currency translation reserve		(587,499)	(560,017)
Reserve arising from acquisition of non-controlling interests		(336,986)	(336,986)
Reserve arising from other comprehensive income items		(11,564)	(12,015)
Retained earnings		1,481,613	1,405,470
		<u>2,503,336</u>	<u>2,461,366</u>
Equity attributable to equity holders of the Parent		<u>2,503,336</u>	<u>2,461,366</u>
Non-controlling interests		4,914	6,554
TOTAL EQUITY		<u>2,508,250</u>	<u>2,467,920</u>
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	5	929,795	1,067,335
Lease liabilities		751,694	771,906
Employees' end of service benefits		193,902	169,968
Deferred tax liabilities		42,088	36,198
Other non-current liabilities		11,599	13,002
		<u>1,929,078</u>	<u>2,058,409</u>
Current liabilities			
Bank overdrafts	8	5,577	2,848
Accounts payable		320,752	326,364
Lease liabilities	5	178,458	176,680
Interest-bearing loans and borrowings		37,345	48,505
Provisions		31,469	47,674
Other current liabilities		657,279	659,839
Income tax provision		33,881	36,676
		<u>1,264,761</u>	<u>1,298,586</u>
Liabilities related to assets held for sale		1,705	2,925
TOTAL LIABILITIES		<u>3,195,544</u>	<u>3,359,920</u>
TOTAL EQUITY AND LIABILITIES		<u>5,703,794</u>	<u>5,827,840</u>


Mohamed Juma Alshamsi
(Chairman)


Othman Aljeda
(Chief Executive Officer)


Nicolas Sibuet
(Chief Financial Officer)

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Aramex PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 September 2024 (Unaudited)

	Note	For the three-month period ended		For the nine-month period	
		30 September		ended 30 September	
		2024	2023	2024	2023
		AED '000	AED '000	AED '000	AED '000
Continuing operations					
Rendering of services		1,592,356	1,349,678	4,629,311	4,170,013
Cost of services		(1,219,295)	(1,015,021)	(3,515,718)	(3,131,811)
Gross profit		373,061	334,657	1,113,593	1,038,202
Selling and marketing expenses		(89,145)	(76,696)	(253,634)	(227,841)
Administrative expenses		(221,489)	(209,415)	(657,187)	(632,319)
Net impairment loss on financial assets		(1,824)	(2,405)	(12,473)	(15,915)
Other income (expense), net		7,518	(1,432)	17,191	(1,659)
Operating profit		68,121	44,709	207,490	160,468
Finance income		1,005	1,372	3,605	5,658
Finance costs		(29,928)	(32,564)	(91,782)	(95,612)
Share of results of joint ventures and associates		(767)	1,831	145	4,288
Profit before income tax from continuing operations		38,431	15,348	119,458	74,802
Income tax expense		(11,110)	(6,325)	(41,761)	(22,198)
Profit for the period from continuing operations		27,321	9,023	77,697	52,604
Discontinued operations					
Loss after tax for the period from discontinued operations		(201)	(333)	(753)	(1,237)
Profit for the period		27,120	8,690	76,944	51,367
Attributable to:					
<i>Equity holders of the Parent Company</i>					
Profit for the period from continuing operations		26,886	9,975	76,896	53,747
Loss for the period from discontinued operations		(201)	(333)	(753)	(1,237)
		26,685	9,642	76,143	52,510
<i>Non-controlling interests</i>					
Profit (loss) for the period from continuing operations		435	(952)	801	(1,143)
		435	(952)	801	(1,143)
Earnings per share attributable to equity holders of the Parent:					
Basic and diluted earnings per share from continuing operations	7	0.018	0.007	0.053	0.037
Basic and diluted earnings per share from discontinuing operations	7	(0.000)	(0.000)	(0.001)	(0.001)

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Aramex PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2024 (Unaudited)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2024 AED '000	2023 AED '000	2024 AED '000	2023 AED '000
Profit for the period	27,120	8,690	76,944	51,367
Other comprehensive income				
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Gain (loss) on debt instruments at fair value through other comprehensive income	104	(89)	433	(106)
Exchange differences on translation of foreign operations	226	5,994	(28,453)	(16,247)
Impact of hyperinflation	(1,028)	(726)	(3,967)	1,990
	(698)	5,179	(31,987)	(14,363)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Gain on equity instruments at fair value through other comprehensive income	3	-	-	-
Remeasurements gain (loss) on defined benefit plans	4	(1)	18	10
	7	(1)	18	10
Other comprehensive (loss) profit for the period, net of tax	(691)	5,178	(31,969)	(14,353)
Total comprehensive income for the period	26,429	13,868	44,975	37,014
Attributable to:				
Equity holders of the Parent Company	25,849	14,876	44,550	38,951
Non-controlling interests	580	(1,008)	425	(1,937)
	26,429	13,868	44,975	37,014

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Aramex PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2024 (Unaudited)

	Attributable to equity holders of the Parent Company										Total equity AED '000
	Share capital AED '000	Own shares held by the liquidity provider AED '000	Reserve on trading in own shares AED '000	Statutory reserve AED '000	Foreign currency translation reserve AED '000	Reserve arising from acquisition of non-controlling interests AED '000	Reserves arising from other comprehensive income items AED '000	Retained earnings AED '000	Total AED '000	Non-controlling interests AED '000	
For the nine-month ended 30 September 2024											
Balance at 1 January 2024	1,464,100	-	-	500,814	(560,017)	(336,986)	(12,015)	1,405,470	2,461,366	6,554	2,467,920
Impact of hyperinflation	-	-	-	-	4,562	-	-	-	4,562	-	4,562
At 1 January 2024 (adjusted)	1,464,100	-	-	500,814	(555,455)	(336,986)	(12,015)	1,405,470	2,465,928	6,554	2,472,482
Profit for the period	-	-	-	-	-	-	-	76,143	76,143	801	76,944
Other comprehensive income	-	-	-	-	(32,044)	-	451	-	(31,593)	(376)	(31,969)
Total comprehensive income for the period	-	-	-	-	(32,044)	-	451	76,143	44,550	425	44,975
Non-controlling interests	-	-	-	-	-	-	-	-	-	(1,665)	(1,665)
Trading in own shares (Note 15)	-	(2,751)	(4,391)	-	-	-	-	-	(7,142)	-	(7,142)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(400)	(400)
Balance at 30 September 2024	1,464,100	(2,751)	(4,391)	500,814	(587,499)	(336,986)	(11,564)	1,481,613	2,503,336	4,914	2,508,250
For the nine-month ended 30 September 2023											
Balance at 1 January 2023	1,464,100	-	-	471,734	(529,432)	(329,908)	(11,804)	1,444,833	2,509,523	8,865	2,518,388
Impact of hyperinflation	-	-	-	-	(6,799)	-	-	-	(6,799)	-	(6,799)
At 1 January 2023 (adjusted)	1,464,100	-	-	471,734	(536,231)	(329,908)	(11,804)	1,444,833	2,502,724	8,865	2,511,589
Profit for the period	-	-	-	-	-	-	-	52,510	52,510	(1,143)	51,367
Other comprehensive income	-	-	-	-	(13,463)	-	(96)	-	(13,559)	(794)	(14,353)
Total comprehensive income for the period	-	-	-	-	(13,463)	-	(96)	52,510	38,951	(1,937)	37,014
Non-controlling interests	-	-	-	-	-	(7,078)	-	-	(7,078)	(561)	(7,639)
Dividends to shareholders*	-	-	-	-	-	-	-	(139,580)	(139,580)	-	(139,580)
Balance at 30 September 2023	1,464,100	-	-	471,734	(549,694)	(336,986)	(11,900)	1,357,763	2,395,017	6,367	2,401,384

* At the Annual General Meeting of the shareholders held on 18 April 2023, the shareholders approved a cash dividend of AED 139,580 thousand for the year ended 31 December 2022.

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

Aramex PJSC and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2024 (Unaudited)

		<i>Nine months ended</i>	
		<i>30 September 2024</i>	<i>30 September 2023</i>
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
OPERATING ACTIVITIES			
Profit before tax from continuing operations		119,458	74,802
Loss before tax from discontinued operations		(836)	(1,304)
Profit before tax		118,622	73,498
Adjustments for:			
Depreciation of property and equipment		85,927	84,329
Depreciation of right of use assets		170,376	176,832
Amortisation of other intangible assets		10,549	10,171
Loss on disposal of property and equipment		270	388
Provision for employees' end of service benefits		35,331	25,008
Net impairment loss on financial assets		12,332	16,153
Finance costs – borrowings		53,066	59,083
Finance costs – lease liabilities		38,799	36,677
Finance income		(3,605)	(5,658)
Gain on disposal of right of use assets and lease liabilities		(596)	(940)
Share of results of joint ventures and associates		(145)	(4,288)
		520,926	471,253
Working capital adjustments:			
Accounts receivable		30,657	134,264
Other current assets		(60,161)	(22,600)
Accounts payables		(5,300)	(19,130)
Provisions		(16,205)	(14,049)
Other current liabilities		(2,345)	(96,291)
Other non-current liabilities		(1,403)	(3,157)
		466,169	450,290
Cash from operations		466,169	450,290
Income tax paid		(34,611)	(23,951)
Employees' end of service benefits paid		(11,453)	(17,402)
Net cash flows from operating activities		420,105	408,937
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(79,277)	(91,317)
Proceeds from escrow account	-	-	11,287
Proceeds from sale of property and equipment		5,471	6,765
Proceeds from sale of a subsidiary	-	-	36,082
Purchase of intangible assets		(1,561)	-
Acquisition of subsidiary	3	(23,127)	-
Finance income received		3,605	5,658
Margins and bank deposits		1,672	2,141
Other non-current assets		(11,382)	(886)
Non-controlling interest		(1,665)	-
Restricted cash		7	(134)
Net cash flows used in investing activities		(106,257)	(30,404)
FINANCING ACTIVITIES			
Finance costs paid		(95,957)	(90,350)
Proceeds from interest-bearing loans and borrowings		33,866	27,385
Repayment of interest-bearing loans and borrowings		(195,456)	(21,924)
Principal elements of lease liabilities		(168,455)	(189,046)
Acquisition of own shares	15	(10,000)	-
Dividends paid to shareholders		-	(139,580)
Dividends paid to non-controlling interests		(400)	-
Acquisition of non-controlling interest		-	(7,639)
Net cash flows used in financing activities		(436,402)	(421,154)
Net decrease in cash and cash equivalents		(122,554)	(42,621)
Net foreign exchange difference		(6,258)	2,823
Cash and cash equivalents at 1 January		564,341	627,600
Cash and cash equivalents at 30 September	6	435,529	587,802

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

1 ACTIVITIES

Aramex PJSC (the “Parent Company or Company”) was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Law No. 32 of 2021. This interim condensed consolidated financial information of the Company as at and for the period ended 30 September 2024 comprises the Parent Company and its subsidiaries (collectively referred to as the “Group” and individually as “Group entities”).

The Parent Company was listed on the Dubai Financial Market on 9 July 2005.

The principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company’s registered office address is Building and Warehouse No. 3, Um Rammool, Dubai, United Arab Emirates.

As at 30 September 2024, the major shareholders of Aramex PJSC are:

- GeoPost, the express parcel arm of French Groupe La Poste which owns 28% of Aramex PJSC’s issued share capital.
- Abu Dhabi Ports Company PJSC (“ADP”), a subsidiary of Abu Dhabi Developmental Holding Company (“ADQ”) which owns 22.69% of Aramex PJSC’s issued share capital.

This interim condensed consolidated financial statement was authorised for issue by the Board of Directors on 7 November 2024.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023. In addition, results for the nine-month period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(CONTINUED)**

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024.

SUPPLIER FINANCE ARRANGEMENTS - AMENDMENTS TO IAS 7 AND IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to 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 transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

AMENDMENTS TO IFRS 16: LEASE LIABILITY IN A SALE AND LEASEBACK

In September 2022, the IASB issued amendments to IFRS 16 to 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 recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to 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, a requirement has been introduced whereby an entity must 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 Group's interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

3 BUSINESS COMBINATIONS**Aramex (Melbourne)**

On 29 January 2024, the Group entered into an acquisition arrangement through a Business and Asset Sale Agreement (“BASA”) to acquire 4th Dimension Transport named as “Aramex (Melbourne)”; a regional franchise of a courier and freight logistics.

The acquisition has been accounted for using the acquisition method and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at fair value on the acquisition date.

The provisional fair value of the identifiable assets and liabilities of Aramex (Melbourne), as at the date of acquisition were:

	<i>Provisional Fair values recognised on acquisition AED '000 Unaudited</i>
Assets	
Intangible assets (customer relationships)	3,308
Property and equipment	115
Other current assets	1,644
	<u>5,067</u>
Liabilities	
Other current liabilities	3,152
	<u>3,152</u>
Total identifiable net assets of fair value	1,915
Purchase consideration	(23,127)
Goodwill arising on acquisition (provisional)*	<u>21,212</u>

* The goodwill of AED 21,212 thousand recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Aramex (Melbourne) with those of the Group.

From the date of acquisition, Aramex (Melbourne) has contributed AED 114,819 thousand of revenue and a profit of AED 673 thousand to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been AED 124,928 thousand and the profit from continuing operations for the period would have been AED 539 thousand.

Transaction costs of AED 704 thousand have been expensed and are included in administrative expenses in interim condensed consolidated statement of profit or loss and are part of operating cash flows in the statement of cash flows.

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	30 September 2024	31 December 2023
	AED '000	AED '000
	Unaudited	Audited
Balance at 1 January	1,750,191	1,757,680
Acquisition of subsidiary	21,212	-
Measurement period adjustment	-	(949)
Exchange differences	-	(6,540)
Balance at period/year end	<u>1,771,403</u>	<u>1,750,191</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

3 BUSINESS COMBINATIONS (CONTINUED)

The goodwill was allocated to the following groups of cash generating units:

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Publication and distribution	6,212	6,212
Aramex: *		
Express shipping	1,049,463	1,049,463
Domestic shipping	481,607	460,395
Freight forwarding	161,908	161,908
Logistics	72,213	72,213
	<u>1,771,403</u>	<u>1,750,191</u>

* Aramex is the cash generating unit which includes sub segments related to domestic shipping, express shipping, freight forwarding and logistics.

4 PROPERTY AND EQUIPMENT

During the nine-month period ended 30 September 2024, the Group acquired assets with a cost of AED 79 million (nine-month period ended 30 September 2023: AED 91 million).

5 RIGHT OF USE ASSETS AND LEASE LIABILITIES

During the nine-month period ended 30 September 2024, the Group made additions on right of use assets and lease liabilities of AED 153 million under various categories (nine-month period ended 30 September 2023: AED 186 million).

6 BANK BALANCES AND CASH

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents consist of:

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Bank balances and cash	447,455	575,210
Less:		
Margin deposits	6,050	6,157
Bank overdrafts	5,577	2,848
Fixed deposits*	299	1,864
Cash and cash equivalents	<u>435,529</u>	<u>564,341</u>

Included within bank balances and cash amounts totalling AED 368,835 thousand (31 December 2023: AED 426,753 thousand) held at foreign banks abroad, and amounts totalling to AED 41,646 thousand of cash on delivery collected by the Group on behalf of customers, the same balance was recorded under other current liabilities in the interim condensed consolidated statement of financial position (31 December 2023: AED 53,468 thousand).

* Long-term deposits with maturities greater than 3 months accrue interest at prevailing market rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

6 BANK BALANCES AND CASH (CONTINUED)

** The details of cash at banks in Lebanon 30 September 2024 and 31 December 2023 classified under restricted cash was as follows:

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Restricted cash	174	181
Less: impairment for expected credit losses	<u>(174)</u>	<u>(181)</u>
	<u>-</u>	<u>-</u>

Movement on expected credit losses was as follows:

	<i>For the nine-month period ended 30 September</i>	
	<i>2024 AED '000 Unaudited</i>	<i>2023 AED '000 Unaudited</i>
At 1 January	181	38
(Reversals) charges for the period	<u>(7)</u>	<u>136</u>
At 30 September	<u>174</u>	<u>174</u>

7 EARNING PER SHARE

	<i>For the three-month period ended 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2024 AED '000 Unaudited</i>	<i>2023 AED '000 Unaudited</i>	<i>2024 AED '000 Unaudited</i>	<i>2023 AED '000 Unaudited</i>
Profit attributable to the shareholders of Parent Company				
Profit for the period from continuing operations (AED'000)	26,886	9,975	76,896	53,747
Loss for the period from discontinued operations (AED'000)	<u>(201)</u>	<u>(333)</u>	<u>(753)</u>	<u>(1,237)</u>
	<u>26,685</u>	<u>9,642</u>	<u>76,143</u>	<u>52,510</u>
Weighted average number of shares during the period (shares)*	<u>1,463 million</u>	1,464 million	<u>1,463 million</u>	1,464 million
Basic and diluted earnings per share from continuing operations (AED)	0.018	0.007	0.053	0.037
Basic and diluted earnings per share from discontinuing operations (AED)	(0.000)	(0.000)	(0.001)	(0.001)

* Weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

8 BANK OVERDRAFTS

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following:

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Aramex Algeria S.A.L. (Citi Bank)	3,046	2,240
Aramex Tunisia (Arab Bank)	1,968	608
Aramex Kenya Limited (Citi Bank)	<u>563</u>	<u>-</u>
	<u>5,577</u>	<u>2,848</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

9 SEGMENT INFORMATION

For management purposes, the Group has identified four reportable segments of its business:

- Courier: includes delivery of small packages across the globe to both, retail and wholesale customers, express delivery of small parcels and pick up and deliver shipments within the country, and related royalty and franchise levies.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break-bulk services.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value-added services.
- Other operations: includes visa services, publication and distribution services.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The following table presents revenue and profit information for each of the Group's operating segments for the nine-month-period ended 30 September 2024 and 2023, respectively:

	Courier* AED'000 Unaudited	Freight forwarding AED'000 Unaudited	Logistics AED'000 Unaudited	Others AED'000 Unaudited	Total AED'000 Unaudited
Nine-month period ended 30 September 2024					
Total revenues from rendering of service	3,933,458	1,502,968	333,611	101,367	5,871,404
Inter-segment	(931,122)	(243,476)	(1,023)	(66,472)	(1,242,093)
Total revenues after elimination	<u>3,002,336</u>	<u>1,259,492</u>	<u>332,588</u>	<u>34,895</u>	<u>4,629,311</u>
Gross profit	<u>870,780</u>	<u>161,918</u>	<u>49,348</u>	<u>31,547</u>	<u>1,113,593</u>
Operating profit	<u>152,496</u>	<u>36,648</u>	<u>3,783</u>	<u>14,563</u>	<u>207,490</u>
Depreciation and amortization charged on operating expenses	<u>98,052</u>	<u>10,297</u>	<u>60,874</u>	<u>13</u>	<u>169,236</u>
Depreciation and amortization charged general and administrative expenses	<u>76,620</u>	<u>10,911</u>	<u>7,642</u>	<u>974</u>	<u>96,147</u>
Nine-month period ended 30 September 2023					
Total revenues from rendering of services	3,459,671	1,328,840	318,725	97,234	5,204,470
Inter-segment	(754,464)	(216,887)	(652)	(62,454)	(1,034,457)
Total revenues after elimination	<u>2,705,207</u>	<u>1,111,953</u>	<u>318,073</u>	<u>34,780</u>	<u>4,170,013</u>
Gross profit	<u>789,022</u>	<u>176,066</u>	<u>44,152</u>	<u>28,962</u>	<u>1,038,202</u>
Operating profit	<u>94,478</u>	<u>53,255</u>	<u>439</u>	<u>12,296</u>	<u>160,468</u>
Depreciation and amortization charged on operating expenses	<u>94,304</u>	<u>8,377</u>	<u>60,530</u>	<u>22</u>	<u>163,233</u>
Depreciation and amortization charged general and administrative expenses	<u>86,050</u>	<u>12,382</u>	<u>7,223</u>	<u>965</u>	<u>106,620</u>

* Courier segment includes international express, domestic express, and operations of Access Shipping LLC.

Transactions between stations are priced and agreed upon rates. All material intergroup transactions have been eliminated on consolidation. The Group does not segregate assets and liabilities by business segments, and accordingly, such information is not presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

9 SEGMENT INFORMATION (CONTINUED)**Industry segment and geographical allocation**

The business segments are managed on a worldwide basis, but operate in eight principal geographical areas, Gulf Cooperation Council, Middle East, North Africa and Turkey, East and South Africa, Europe, North America, South Asia, North Asia and Oceania. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

The following is a summary of revenue generated by the Group based on customers' geographical location:

	<i>Nine months ended 30 September</i>	
	<i>2024 AED '000 Unaudited</i>	<i>2023 AED '000 Unaudited</i>
Revenues		
United Arab Emirates	794,320	726,365
Gulf Cooperation Council excluding United Arab Emirates	1,044,101	937,891
Middle East, North Africa and Turkey	750,412	510,817
East and South Africa	213,694	228,132
Europe	482,135	545,875
North America	396,660	437,066
North Asia	101,530	110,886
South Asia	314,668	297,970
Oceania	531,791	375,011
	4,629,311	4,170,013

The following is a summary of the Group's assets and liabilities based on geographical location:

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Assets		
United Arab Emirates	1,641,649	1,701,890
Gulf Cooperation Council excluding United Arab Emirates	719,839	691,049
Middle East, North Africa and Turkey	538,776	647,205
East and South Africa	165,636	137,475
Europe	499,979	530,342
North America	1,065,925	1,105,754
North Asia	59,227	49,336
South Asia	260,874	264,353
Oceania	751,889	700,436
	5,703,794	5,827,840

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

9 SEGMENT INFORMATION (CONTINUED)**Industry segment and geographical allocation (continued)**

	<i>30 September 2024 AED '000 Unaudited</i>	<i>31 December 2023 AED '000 Audited</i>
Non-current assets*		
United Arab Emirates	644,829	676,566
Gulf Cooperation Council excluding United Arab Emirates	309,823	321,473
Middle East, North Africa and Turkey	221,392	247,521
East and South Africa	64,581	49,510
Europe	147,654	156,455
North America	171,467	179,639
North Asia	15,037	10,158
South Asia	83,819	81,346
Oceania	394,884	384,972
	<u>2,053,486</u>	<u>2,107,640</u>
Liabilities		
United Arab Emirates	560,521	572,231
Gulf Cooperation Council excluding United Arab Emirates	639,195	609,541
Middle East, North Africa and Turkey	205,234	255,033
East and South Africa	79,038	67,932
Europe	600,029	605,687
North America	498,676	660,949
North Asia	37,388	34,594
South Asia	107,816	101,423
Oceania	467,647	452,530
	<u>3,195,544</u>	<u>3,359,920</u>

* Non-current assets for this purpose consist of property and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments.

10 RELATED PARTY TRANSACTIONS AND BALANCES

Certain related parties (shareholder, directors, and officers of the Group and companies which they control or over which they exert significant influence) were service providers of the Company and its subsidiaries in the ordinary course of business.

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

	<i>Nine months ended 30 September 2024 AED '000 Unaudited</i>	<i>2023 AED '000 Unaudited</i>
Salaries and other short-term benefits	10,751	9,763
Board remuneration	2,006	2,240
End of service benefits	466	401
	<u>13,223</u>	<u>12,404</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

10 RELATED PARTY TRANSCATIONS AND BALANCES (CONTINUED)**Other transactions and balances with related parties**

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month period ended 30 September 2024 and 2023, as well as balances with related parties as at 30 September 2024 and 31 December 2023:

		<i>Sales to related parties</i> <i>AED '000</i>	<i>Costs from related parties</i> <i>AED '000</i>	<i>Amounts owed by related parties (*)</i> <i>AED '000</i>	<i>Amounts owed to related parties (**)</i> <i>AED '000</i>
Associates:					
	2024	724	807	41	1,062
	2023	1,863	961	33	839
Joint ventures in which the Parent is a venturer:					
	2024	39,575	450	7,503	3,089
	2023	33,833	554	18,503	10
Related parties and companies controlled by shareholders:					
	2024	112,014	-	13,128	1,177
	2023	117,497	-	47,722	1,650

* These amounts are classified as trade receivables.

** These amounts are classified as trade payables.

11 CONTINGENCIES AND COMMITMENTS

	<i>30 September 2024</i> <i>AED '000</i> <i>Unaudited</i>	<i>31 December 2023</i> <i>AED '000</i> <i>Audited</i>
Letters of guarantee	<u>180,765</u>	<u>143,414</u>

Claims against the Group

The Group is a defendant in a number of lawsuits amounting to AED 89,620 thousand as of 30 September 2024 (31 December 2023: AED 97,581 thousand) representing legal actions and claims related to the ordinary course of business. Management and its legal advisors believe that the provision recorded of AED 14,634 thousand as of 30 September 2024 (31 December 2023: AED 16,282 thousand) is sufficient to meet the obligations that may arise from the lawsuits.

12 SEASONALITY OF OPERATIONS

The Group's business is seasonal in nature. Historically, the Group experienced a decrease in demand for its services in the post-winter holiday and summer vacation seasons. The Group traditionally experiences its highest volumes towards the latter half of the year. The seasonality of the Group's revenue may cause a variation in its quarterly operating results. However, local Middle East and Islamic holidays vary from year to year and, as a result, the Group's seasonality may shift over time.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2024 (Unaudited)

13 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax ("CT") regime in the UAE. The CT regime is effective for annual periods beginning on or after 1 June 2023 and accordingly, it has a current income tax related impact on the interim condensed consolidated financial statements for the Group starting 1 January 2024.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities.

Income tax appearing in the interim condensed consolidated statement of profit or loss represents the income tax expense of the Parent Company and the Group's subsidiaries that operates in taxable jurisdiction. Taxes on income are accrued using the applicable tax rates that would be applicable to the expected total annual profit.

Pillar Two

Aramex Group has been monitoring the progress of the Pillar Two implementation in the jurisdictions in which it operates through Constituent Entities (ie) and Joint Ventures. The Group has also appointed advisers (FTI Consulting) to carry out an assessment on the impact of the rules under the Transitional safe harbour rules (briefly these rules provide an option to MNE groups to rely on CBCR reports/ data to determine the jurisdictions that pass one of the three tests and therefore not be required to apply a top-up tax in that jurisdiction under the Pillar Two rules).

The impact assessment exercise is being done for the Aramex Group based on latest available CBCR report (FY 2022) filed by the Group in the UAE and also for 2023 (in house calculations being performed). The assessment will highlight the jurisdictions that pass the tests, and identify jurisdictions that could have top-up tax liability under Pillar Two rules. The calculation of approximate top-up tax liability based on 2022 data needs to be updated / revised based on the recent administrative guidance issued by the OECD in December 2023 which requires certain adjustments to the financial data as reported in the Group's CBC Report to evaluate the safe harbour tests (to clarify, there is no top-up tax liability payable under Pillar Two rules for 2022). This exercise is currently ongoing.

The assessment will be updated for the FY 2023 financial data based on CBCR report for 2023. These assessments would then form the basis for the Aramex Group to review its group structure and operations so as to understand and optimise its top-up tax liability within the framework and spirit of Pillar Two legislation, when such legislation will apply to the Group for financial year 2024 onwards. The quantification of actual top-up tax liability under Pillar Two rules will be based on intra-group payments and financial numbers / data for the year 2024 and onwards, when Pillar Two legislation will be in effect for the Aramex Group.

The Aramex Group tax team is closely monitoring the developments on implementation of Pillar Two legislation in the jurisdictions that it operates, along with further guidance that is expected to be issued by OECD in 2024 and the signing status of MLI by various countries for the STTR to apply (MLI signing expected in mid-2024). The Group will be updating the 2022 assessment for 2023 financial data to further refine the impact assessment conducted to date.

14 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables, investment securities at fair value through other comprehensive income, and other current assets. Financial liabilities consist of loans and borrowings, bank overdrafts, trade payable, lease liabilities, and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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14 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

For assets and liabilities that are recognised at fair value on a recurring basis, the Group 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.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

As at 30 September 2024, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>30 September 2024 AED '000</i>	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>
Unquoted equity financial assets				
What 3 Words Ltd	15,241	-	-	15,241
Flirtey Tech Pty Ltd.	70	-	-	70
Total	<u>15,311</u>	<u>-</u>	<u>-</u>	<u>15,311</u>
Unquoted debt financial assets				
Cell captive	1,594	-	-	1,594
Shippify Inc	1,102	-	-	1,102
Total	<u>2,696</u>	<u>-</u>	<u>-</u>	<u>2,696</u>

As at 31 December 2023, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>31 December 2023 AED '000</i>	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>
Unquoted equity financial assets				
What 3 Words Ltd	15,241	-	-	15,241
Flirtey Tech Pty Ltd.	70	-	-	70
Total	<u>15,311</u>	<u>-</u>	<u>-</u>	<u>15,311</u>
Unquoted debt financial assets				
Cell captive	1,161	-	-	1,161
Shippify Inc	1,102	-	-	1,102
Total	<u>2,263</u>	<u>-</u>	<u>-</u>	<u>2,263</u>

During the period ended 30 September 2024 and year ended 31 December 2023, there were no transfers between the various levels of fair value measurements.

At 30 September 2024, the fair values of debt securities were assessed which resulted in the fair value gain of AED 433 thousand (30 September 2023: loss of AED 106 thousand).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15 OWN SHARES HELD BY THE LIQUIDITY PROVIDER

During 2024, the Group engaged a third-party licensed Liquidity Provider on the Dubai Financial Market to facilitate the selling and buying of Aramex's own shares in the market, in accordance with the Market Maker regulations. At 30 September 2024, the Liquidity Provider held 2,751 thousands of the Group's shares on behalf of the Group at par value of AED 1.

The premium or discount recognized on trading in the Aramex's own shares is recorded as "Reserve on trading in own shares". Such reserve, which amounted to AED 4,391 thousand as of 30 September 2024, is classified under equity. Included in the reserve is a net loss of AED 649 thousand realized during the period ended 30 September 2024.

At the inception of the agreement, the Group paid AED 10,000 thousand to the liquidity provider to facilitate the shares trading process, out of which AED 2,858 thousand were outstanding as of 30 September 2024, recorded under other current assets.

The movement in the reserve on trading in own shares account during the period ended 30 September 2024 is as follows:

	<i>Reserve on trading in own shares AED '000</i>
Balance at 1 January 2024	-
Premium recognized	3,742
Net trading loss realized for the period	649
Balance at 30 September 2024	4,391

16 COMPARATIVE FIGURES

Some of the comparative figures in the interim condensed consolidated financial statements have been reclassified to be consistent with the period ended 30 September 2024 presentation with no effect on profit and equity for the year 2023.