

ARAMEX PJSC AND ITS SUBSIDIARIES

**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2022**

Aramex PJSC and its subsidiaries

**Review report and condensed interim consolidated financial information
for the three-month period ended 31 March 2022**

Contents	Pages
Review report on condensed interim consolidated financial information	1
Condensed interim consolidated statement of financial position	2
Condensed interim consolidated statement of profit or loss	3
Condensed interim consolidated statement of comprehensive income	4
Condensed interim consolidated statement of changes in equity	5
Condensed interim consolidated statement of cash flows	6 - 7
Notes to the condensed interim consolidated financial information	8 - 24



Review report on condensed interim consolidated financial information to the Directors of Aramex PJSC

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Aramex PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 31 March 2022 and the related condensed interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. The Directors are responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers
11 May 2022

Murad Ainsour
Registered Auditor Number 1301
Dubai, United Arab Emirates



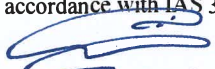
PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Jacques Fakhoury, Douglas O'Mahony, Murad Ainsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

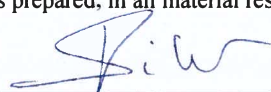
ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	31 March 2022 AED "000" Unaudited	31 December 2021 AED "000" Audited
Assets			
Non-current assets			
Property and equipment		918,236	941,430
Right of use assets		890,902	894,266
Goodwill		1,002,568	1,002,568
Other intangible assets		200,563	201,255
Investments in joint ventures and associates		40,904	37,448
Financial assets at fair value through other comprehensive income		17,772	17,638
Deferred tax assets		7,971	8,006
Other non-current assets		4,099	4,115
		<u>3,083,015</u>	<u>3,106,726</u>
Current assets			
Accounts receivable, net		1,164,185	1,219,422
Other current assets		310,784	293,709
Restricted cash, margins and fixed deposits	6	57,972	57,641
Cash and cash equivalents	6	704,333	711,800
		<u>2,237,274</u>	<u>2,282,572</u>
Assets held for sale	5	6,706	10,650
Total assets		<u>5,326,995</u>	<u>5,399,948</u>
Equity and liabilities			
Equity			
Share capital		1,464,100	1,464,100
Statutory reserve		440,802	440,802
Foreign currency translation reserve		(434,219)	(398,529)
Reserve arising from acquisition of non-controlling interests		(329,759)	(329,759)
Reserve arising from other comprehensive income items		(11,881)	(12,008)
Retained earnings		1,547,872	1,500,570
		<u>2,676,915</u>	<u>2,665,176</u>
Equity attributable to equity holders of the Parent Company		<u>2,676,915</u>	<u>2,665,176</u>
Non-controlling interests		10,634	10,817
Total equity		<u>2,687,549</u>	<u>2,675,993</u>
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings		137,922	137,259
Employees' end of service benefits		148,248	148,822
Lease liabilities		744,238	754,933
Deferred tax liabilities		41,398	42,114
Deferred income		18,047	18,305
		<u>1,089,853</u>	<u>1,101,433</u>
Current liabilities			
Accounts payable		311,248	344,120
Bank overdrafts	8	156,134	153,113
Lease liabilities		185,454	180,382
Interest-bearing loans and borrowings		29,645	27,424
Income tax provision		63,713	62,547
Other current liabilities		801,300	850,431
		<u>1,547,494</u>	<u>1,618,017</u>
Liabilities held for sale	5	2,099	4,505
Total liabilities		<u>2,639,446</u>	<u>2,723,955</u>
Total equity and liabilities		<u>5,326,995</u>	<u>5,399,948</u>

To the best of our knowledge, this condensed interim consolidated financial information is prepared, in all material respects, in accordance with IAS 34.


Mohamed Juma Alshamsi
(Chairman)


Othman Aljeda
(Chief Executive Officer)


Nicolas Sibuet
(Chief Financial Officer)

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

	Note	For the three-month period ended 31 March	
		2022 AED "000" Unaudited	2021 AED "000" Unaudited
Continuing operations			
Rendering of services		1,448,932	1,424,933
Cost of services		(1,104,832)	(1,066,286)
Gross profit		<u>344,100</u>	<u>358,647</u>
Selling and marketing expenses		(58,785)	(67,400)
Administrative expenses		(214,113)	(216,289)
Net impairment loss on financial assets		(4,547)	(3,646)
Other income, net		8,351	8,143
Operating profit		<u>75,006</u>	<u>79,455</u>
Finance income		991	2,247
Finance costs		(12,840)	(15,290)
Share of results of joint ventures and associates		3,556	2,685
Profit before income tax		<u>66,713</u>	<u>69,097</u>
Income tax expense	14	(19,736)	(27,647)
Profit for the period		<u>46,977</u>	<u>41,450</u>
Discontinued operations			
Profit after tax for the period from discontinued operations	5	8	5,895
Gain on sale of a subsidiary	5	800	-
Profit for the period		<u>47,785</u>	<u>47,345</u>
Attributable to:			
<i>Equity holders of the Parent</i>			
Profit for the period from continuing operations		46,494	40,656
Profit for the period from discontinued operations	5	808	5,357
		<u>47,302</u>	<u>46,013</u>
<i>Non-controlling interests</i>			
Profit for the period from continuing operations		483	794
Profit for the period from discontinued operations		-	538
		<u>483</u>	<u>1,332</u>
Earnings per share attributable to the equity holders			
of the Parent:			
Basic and diluted earnings per share from continuing operations/AED	7	<u>0.032</u>	<u>0.028</u>
Basic and diluted earnings per share from discontinued operations/AED	7	<u>0.001</u>	<u>0.004</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

	For the three-month period ended 31 March	
	2022 AED "000" Unaudited	2021 AED "000" Unaudited
Profit for the period	47,785	47,345
Other comprehensive income		
<i>Other comprehensive (loss)/income to be reclassified to the condensed interim consolidated statement of profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	(28,370)	(12,026)
Impact of hyperinflation	(7,995)	51
	(36,365)	(11,975)
<i>Other comprehensive gain/(loss) not to be reclassified to the condensed interim consolidated statement of profit or loss in subsequent periods:</i>		
Gain/(loss) on equity instruments at fair value through other comprehensive income	134	(1,161)
Remeasurements of post-employment benefits obligations through other comprehensive income	(7)	-
	127	(1,161)
Other comprehensive loss for the period, net of tax	(36,238)	(13,136)
Total comprehensive income for the period	11,547	34,209
Attributable to:		
Equity holders of the Parent Company	11,281	34,688
Non-controlling interests	266	(479)
	11,547	34,209
Total comprehensive income attributable to equity holders of the Parent arises from:		
Continuing operations	11,064	28,955
Discontinued operations	217	5,733
	11,281	34,688

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

	<i>Attributable to equity holders of the Parent</i>								
	Share capital AED "000"	Statutory reserve AED "000"	Foreign currency translation reserve AED "000"	Reserve arising from acquisition of non-controlling interests AED "000"	Reserve arising from other comprehensive income items AED "000"	Retained earnings AED "000"	Total AED "000"	Non-controlling interests AED "000"	Total equity AED "000"
For the three-month period ended 31 March 2022									
Balance at 31 December 2021	1,464,100	440,802	(398,529)	(329,759)	(12,008)	1,500,570	2,665,176	10,817	2,675,993
Impact of hyperinflation	-	-	458	-	-	-	458	-	458
At 1 January 2022 (adjusted)	1,464,100	440,802	(398,071)	(329,759)	(12,008)	1,500,570	2,665,634	10,817	2,676,451
Profit for the period	-	-	-	-	-	47,302	47,302	483	47,785
Other comprehensive (loss)/income	-	-	(36,148)	-	127	-	(36,021)	(217)	(36,238)
Total comprehensive (loss)/income for the period	-	-	(36,148)	-	127	47,302	11,281	266	11,547
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(449)	(449)
Balance at 31 March 2022	1,464,100	440,802	(434,219)	(329,759)	(11,881)	1,547,872	2,676,915	10,634	2,687,549
For the three-month period ended 31 March 2021									
Balance at 31 December 2020	1,464,100	408,929	(344,425)	(335,186)	(7,064)	1,504,306	2,690,660	16,301	2,706,961
Impact of hyperinflation	-	-	8,099	-	-	-	8,099	-	8,099
At 1 January 2021 (adjusted)	1,464,100	408,929	(336,326)	(335,186)	(7,064)	1,504,306	2,698,759	16,301	2,715,060
Profit for the period	-	-	-	-	-	46,013	46,013	1,332	47,345
Other comprehensive loss	-	-	(10,164)	-	(1,161)	-	(11,325)	(1,811)	(13,136)
Total comprehensive (loss)/income for the period	-	-	(10,164)	-	(1,161)	46,013	34,688	(479)	34,209
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	1,102	(1,102)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,202)	(1,202)
Balance at 31 March 2021	1,464,100	408,929	(346,490)	(335,186)	(7,123)	1,549,217	2,733,447	14,620	2,748,067

The notes on pages 8 to 24 form an integral part of this condensed interim consolidated financial information.

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

	Note	For the three-month period ended	
		31 March	
		2022 AED "000" Unaudited	2021 AED "000" Unaudited
<u>OPERATING ACTIVITIES</u>			
Profit before tax from continuing operations		66,713	69,097
Profit before tax from discontinued operations	5	832	6,880
Profit before tax		67,545	75,977
Adjustments for			
Depreciation of property and equipment		27,620	30,571
Depreciation of right of use assets		66,011	64,487
Amortisation of other intangible assets		692	2,222
Loss/(gain) on sale of property and equipment		4,901	(1,616)
Provision for employees' end of service benefits		6,035	8,206
Net impairment loss on financial assets		4,942	3,787
Finance costs – borrowings		2,514	3,627
Finance costs – lease liabilities		10,353	12,450
Finance income		(991)	(2,332)
Gain on sale of a subsidiary	5	(800)	-
Share of results of joint ventures and associates		(3,556)	(2,685)
		185,266	194,694
Working capital adjustments:			
Accounts receivable		50,503	16,527
Other current assets		(16,854)	(26,200)
Accounts payables		(32,386)	(24,343)
Other current liabilities		(49,724)	(121,872)
Net cash flows generated from operating activities before income tax and employees' end of service benefits paid		136,805	38,806
Income tax paid		(15,971)	(23,078)
Employees' end of service benefits paid		(6,375)	(4,565)
Net cash flows generated from operating activities*		114,459	11,163
<u>INVESTING ACTIVITIES</u>			
Purchase of property and equipment	3	(15,766)	(34,074)
Proceeds from sale of property and equipment		708	2,634
Proceeds from sale of a subsidiary		2,545	-
Net cash disposed from discontinued operations		165	(1,535)
Finance income received		991	2,332
Margins and bank deposits		128	410
Other non-current assets		16	218
Restricted cash		(815)	(2,777)
Dividends received from joint ventures		-	4,557
Net cash flows used in investing activities*		(12,028)	(28,235)

ARAMEX PJSC AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

	Note	For the three-month period ended	
		31 March	
		2022	2021
		AED "000"	AED "000"
		Unaudited	Unaudited
<u>FINANCING ACTIVITIES</u>			
Finance costs paid		(12,262)	(17,726)
Proceeds from interest-bearing loans and borrowings		1,601	2,166
Repayment of interest-bearing loans and borrowings		(2,804)	(160,225)
Principal repayment of lease liabilities		(82,244)	(80,409)
Dividends paid to non-controlling interests		(449)	(1,202)
Net cash flows used in financing activities		(96,158)	(257,396)
Net increase/(decrease) in cash and cash equivalents (net of bank overdrafts)		6,273	(274,468)
Net foreign exchange difference		(16,761)	(8,408)
Cash and cash equivalents at 1 January (net of bank overdrafts)*		558,687	907,428
Cash and cash equivalents at 31 March (net of bank overdrafts)*	6	548,199	624,552

* Refer to note 18 for changes to the comparative.

Non-cash transactions are disclosed in Note 17.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

1. General

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 2 of 2015, as amended. This condensed interim consolidated financial information of the Company as at and for the period ended 31 March 2022 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.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 (“Companies Law”) was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. 32 of 2021.

As at 31 December 2021, Alpha Oryx Limited (“Alfa”), a subsidiary of Abu Dhabi Development Holding Company (“ADQ”) owned 22.5% of Aramex PJSC’s issued share capital. Subsequently, on 20 January 2022, Alpha transferred 22.32% of its shares in the Company to Abu Dhabi Ports Company PJSC (“ADP”), which is also a subsidiary of ADQ.

During October 2021, GeoPost, the express parcel arm of French Groupe La Poste, acquired 24.93% of Aramex PJSC’s issued share capital.

This condensed interim consolidated financial information is authorised for issue by the Board of Directors on 11 May 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation

This condensed interim consolidated financial information of the Group is prepared under the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies, except for financial assets at fair value through other comprehensive income at fair value, defined benefit pension plans that have been measured the present value of future obligations using the Projected Unit Credit Method and assets held for sale which are measured at fair value less cost to sell.

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the annual Group’s consolidated financial statements for the year ended 31 December 2021. In addition, results for the period from 1 January 2022 to 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standard Board (IASB).

Except for the adoption of new and amended standards as set out below, the accounting policies used in the preparation of this condensed interim consolidated financial information is consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The Lebanese economy is considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group’s subsidiary, Aramex Lebanon S.A.L has been expressed in terms of measuring unit current at the reporting date.

2.2 Changes in accounting policies

New and revised IFRS applied in the preparation of the condensed interim consolidated financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in this condensed interim consolidated financial information. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- (a) amendment to IFRS 3 (effective 1 January 2022);
- (b) amendment to IAS 37 (effective 1 January 2022);
- (c) amendment to IAS 16 (effective 1 January 2022); and
- (d) annual improvements to IFRS 9 and IFRS 16 (effective 1 January 2022).

New and revised IFRS issued but not yet effective and not early adopted

- (a) IFRS 17, ‘Insurance contracts’ (deferred until accounting periods starting on 1 January 2023);
- (b) amendments to IAS 12 (effective 1 January 2023);
- (c) amendments to IAS 1 (effective 1 January 2023); and
- (d) amendments to IAS 8 (effective 1 January 2023).

The Group is currently assessing the impact of these standards, and amendments on the future condensed interim consolidated financial information of the Group and intends to adopt these, if applicable, when they become effective.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation

This condensed interim consolidated financial information incorporates the financial information of Aramex PJSC and entities controlled by Aramex PJSC. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

This condensed interim consolidated financial information comprises the financial information of Aramex PJSC and its subsidiaries. The financial information of the subsidiaries is prepared for the same reporting period as that of Aramex PJSC, using consistent accounting policies except for new accounting policies.

3. Property and equipment

During the three-month period ended 31 March 2022, the Group purchased AED 16 million (three-month period ended 31 March 2021: AED 34 million) of various types of property and equipment.

4. Right of use assets and lease liabilities

During the three-month period ended 31 March 2022, the Group entered into new lease agreements for which right of use assets and the lease liabilities amounting to AED 87 million were recognised (three-month period ended 31 March 2021: AED 46 million) under various categories.

5. Discontinued operations

(A) Description

(i) Disposal group of assets

On 3 February 2021, the Company entered into a Sale and Purchase Agreement (SPA) to dispose of its 100% equity interest in Information Fort LLC, products of Information Fort LLC, and other group of assets. Information Fort LLC is a leading records and information management provider that operates in the Middle East, North Africa, and Turkey regions.

(ii) Group of assets disposed

As at 31 March 2022, most of the group of assets were sold with effect on 31 August 2021 and 31 January 2022. The related assets and liabilities of the disposed group of assets have been derecognised from the condensed interim consolidated statement of financial position.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

5. Discontinued operations (continued)

(A) Description (continued)

(iii) Group of assets held for sale

The remaining group of assets not yet disposed and recorded as assets/liabilities held for sale, are recognised in the condensed interim consolidated statement of profit or loss as discontinued operations. The related assets and liabilities of the group of assets held for sale are classified separately on the condensed interim consolidated statement of financial position. These remaining group of assets are still under process of disposal.

(B) Financial performance of the discontinued operations

Analysis of results of operations discontinued during the period is as follows:

	For the three-month period ended 31 March	
	2022 AED "000" Unaudited	2021 AED "000" Unaudited
Rendering of services	1,907	43,192
Direct costs	(1,181)	(20,937)
Gross profit	726	22,255
Selling and marketing expenses	(132)	(2,649)
Administrative expenses	(93)	(11,735)
Net impairment loss on financial assets	(395)	(141)
Other expenses	(47)	(148)
Operating profit	59	7,582
Finance income	-	85
Finance expense	(27)	(787)
Profit before tax	32	6,880
Income tax expense	(24)	(985)
Profit for the period	8	5,895
Gain on sale of discontinued operations	800	-
Profit from discontinued operations	808	5,895
Other comprehensive income	-	-
Total comprehensive income	808	5,895
Profit for the period attributable to:		
<i>Equity holders of the Parent</i>	808	5,357
<i>Non-controlling interests</i>	-	538
	808	5,895

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

5. Discontinued operations (continued)

(C) Assets held for sale

The summarised financial position for Information Fort LLC, which is accounted as disposal group classified as held for sale:

	31 March 2022 AED "000" Unaudited	31 December 2021 AED "000" Audited
Assets		
Non-current assets		
Property and equipment	2,269	2,867
Right-of-use assets	1,322	2,868
	<u>3,591</u>	<u>5,735</u>
Current assets		
Accounts receivable, net	2,720	2,867
Other current assets	103	140
Cash and bank balances	292	1,908
	<u>3,115</u>	<u>4,915</u>
Total assets	<u>6,706</u>	<u>10,650</u>
Liabilities		
Non-current liabilities		
Employees' end of service benefits	282	271
Lease liabilities	183	1,118
	<u>465</u>	<u>1,389</u>
Current liabilities		
Trade payables	110	207
Lease liabilities	778	1,608
Other current liabilities	633	1,210
Income tax provision	113	91
	<u>1,634</u>	<u>3,116</u>
Total liabilities	<u>2,099</u>	<u>4,505</u>
Net assets directly associated with disposal group	<u>4,607</u>	<u>6,145</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

5. Discontinued operations (continued)

(C) Assets held for sale (continued)

Cash flows from discontinued operations

	For the three-month period ended 31 March	
	2022 AED "000" Unaudited	2021 AED "000" Unaudited
Net cash generated from operating activities	1,056	16,201
Net cash used in investing activities	-	(2,927)
Net cash used in financing activities	(636)	(11,704)
Net cash inflows	<u>420</u>	<u>1,570</u>

(D) Sale of a subsidiary

The financial information relating to the discontinued operations as of the date of disposal of the group of assets is set out below:

	31 January 2022 AED "000"	31 August 2021 AED "000"
Assets		
Non-current assets		
Property and equipment	488	78,891
Right of use assets	1,030	45,843
Goodwill	-	6,438
Other intangible assets	-	892
Deferred tax assets	-	925
	<u>1,518</u>	<u>132,989</u>
Current assets		
Accounts receivable, net	414	31,542
Other current assets	15	21,694
Cash and bank balances	1,350	43,430
	<u>1,779</u>	<u>96,666</u>
Total assets	<u>3,297</u>	<u>229,655</u>
Liabilities		
Non-current liabilities		
Employees' end of service benefits	-	15,393
Lease liabilities	-	38,994
Deferred tax liabilities	-	1,251
	<u>-</u>	<u>55,638</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

5. Discontinued operations (continued)

(D) Sale of a subsidiary (continued)

	31 January 2022 AED "000"	31 August 2021 AED "000"
Liabilities (continued)		
Current liabilities		
Trade payables	-	6,794
Lease liabilities	1,209	8,661
Other current liabilities	343	61,001
Income tax provision	-	2,240
	<u>1,552</u>	<u>78,696</u>
Total liabilities	<u>1,552</u>	<u>134,334</u>
Non-controlling interests	-	3,223
Net assets directly associated with disposal group	<u>1,745</u>	<u>92,098</u>

In accordance with the SPA, the management has recorded an amount receivable for AED 47,101 thousand from the remaining balance available in the escrow account, where the Group has made an estimate of potential claims and true-up adjustments on the basis of the available information as at the reporting date and has accordingly recognised a receivable from the escrow account. During the time specified in the SPA and once the adjustments have crystallized as a result of procedures described in the SPA, as well as the result of the Purchaser identifying any amounts that would represent claims as defined in the SPA, those adjustments will be recognised prospectively as changes in estimates in the condensed interim consolidated statement of profit or loss in the period when they take place. As at 31 August 2021, the fair value of the consideration was determined to be AED 335,157 thousand. During February 2022, the Group received an amount of AED 437 thousand as a true-up adjustment to the initial escrow account, recognised as gain in the condensed interim consolidated statement of profit or loss.

The gain on sale of the subsidiary has been calculated as follows at each disposal date:

	31 January 2022 AED "000"	31 August 2021 AED "000"
Consideration received or receivable:		
Cash	2,108	288,056
Receivable	-	47,101
Total disposal consideration	<u>2,108</u>	<u>335,157</u>
Carrying amount of net assets sold (including goodwill recognised at the group level)	<u>(1,745)</u>	<u>(237,327)</u>
Gain on sale before income tax, reclassification of foreign currency translation reserve and costs to sell	363	97,830
Reclassification of foreign currency translation reserve	-	(47,703)
Cash withheld related to products of Information Fort LLC not yet sold	-	(5,104)
Costs to sell	-	(13,415)
Gain on sale after income tax	<u>363</u>	<u>31,608</u>
True-up adjustment	437	-
Total gain on sale after income tax	<u>800</u>	<u>31,608</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

6. Cash and bank balances

	31 March 2022	31 December 2021
	AED "000" Unaudited	AED "000" Audited
Cash and cash equivalents	704,333	711,800
Restricted cash, margins and fixed deposits*	57,972	57,641
	<u>762,305</u>	<u>769,441</u>

Included within cash and cash equivalents are amounts totalling AED 506,408 thousand (31 December 2021: AED 620,536 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 99,420 thousand of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as other current liabilities in the condensed interim consolidated statement of financial position (31 December 2021: AED 141,284 thousand).

* Restricted cash, margins and fixed deposits consist of margin deposits against guarantees of AED 7,158 thousand (31 December 2021: AED 7,375 thousand), long-term deposits with maturities greater than 3 months of AED 48,133 thousand (31 December 2021: AED 48,043 thousand) and restricted cash in Lebanese banks amounting to AED 2,681 thousand (31 December 2021: 2,223 thousand) net of expected credit losses.

The movement of cash at banks in Lebanon as at 31 March 2022 and 31 December 2021 classified under restricted cash was as follows:

	31 March 2022	31 December 2021
	AED "000" Unaudited	AED "000" Audited
Restricted cash	4,823	4,008
Less: impairment for expected credit losses	(2,142)	(1,785)
	<u>2,681</u>	<u>2,223</u>

Movement on expected credit losses was as follows:

	For the three-month period ended 31 March	
	2022	2021
	AED "000" Unaudited	AED "000" Unaudited
At 1 January	1,785	21,301
Charge for the period	357	685
At 31 March	<u>2,142</u>	<u>21,986</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

6. Cash and bank balances (continued)

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

	For the three-month period ended 31 March	
	2022 AED "000" Unaudited	2021 AED "000" Unaudited
Cash and cash equivalents	704,333	770,395
Less: bank overdrafts	(156,134)	(145,843)
	<u>548,199</u>	<u>624,552</u>

7. Earnings per share

	For the three-month period ended 31 March	
	2022 AED "000" Unaudited	2021 AED "000" Unaudited
Profit attributable to the shareholders of the Parent		
Profit for the period from continuing operations	46,494	40,656
Profit for the period from discontinued operations	808	5,357
	<u>47,302</u>	<u>46,013</u>
Weighted average number of shares during the period (shares)	<u>1,464 million</u>	<u>1,464 million</u>
Basic and diluted earnings per share from continuing operations (AED)	<u>0.032</u>	<u>0.028</u>
Basic and diluted earnings per share from discontinued operations (AED)	<u>0.001</u>	<u>0.004</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

8. Bank overdrafts

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

	31 March 2022 AED "000" Unaudited	31 December 2021 AED "000" Audited
Aramex Special Logistics (Citibank)	96,311	100,144
Aramex International LLC (HSBC)	47,744	47,744
Aramex Algeria S.A.L (Citibank)	4,570	4,345
Aramex Emirates LLC (Arab Bank)	3,975	-
Aramex Tunisia (Arab Bank)	2,177	546
Aramex Kenya Limited (Citibank)	1,357	334
	156,134	153,113

9. Segment information

A business segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other business segments and which are measured according to reports used by the Group's chief executive officer and chief decision maker.

The Group is comprised of the following operating segments:

- Courier: includes delivery of small packages across the globe to both, retail and wholesale customers, and express delivery of small parcels and pick up and deliver shipments within the country.
- 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 and 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.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

9. Segment information (continued)

	<i>Courier*</i> AED “000”	<i>Freight forwarding</i> AED “000”	<i>Logistics</i> AED “000”	<i>Others</i> AED “000”	<i>Total</i> AED “000”
Three-month period ended 31 March 2022					
Total revenues from rendering of services**	911,092	391,133	112,105	34,602	1,448,932
Gross profit	257,207	51,962	13,262	21,669	344,100
Earnings before interest and tax	52,447	14,686	5,885	1,988	75,006
Three-month period ended 31 March 2021					
Total revenues from rendering of services**	1,002,143	288,281	104,584	29,925	1,424,933
Gross profit	285,115	36,833	18,032	18,667	358,647
Earnings before interest and tax	67,794	3,823	5,702	2,136	79,455

* Courier segment includes international express and domestic express.

**Revenues are being recognised overtime.

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

Industry segment and geographical allocation

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

	For the three-month period ended 31 March	
	2022 AED “000” Unaudited	2021 AED “000” Unaudited
Revenue		
United Arab Emirates	254,965	215,044
Gulf Cooperation Council excluding United Arab Emirates	317,486	298,663
Middle East, North Africa and Turkey	189,475	188,039
East and South Africa	87,125	74,719
Europe	182,512	186,917
North America	74,423	73,576
North Asia	86,026	140,814
South Asia	124,197	110,072
Oceania	132,723	137,089
	<u>1,448,932</u>	<u>1,424,933</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

9. Segment information (continued)

Industry segment and geographical allocation (continued)

The following is a summary of assets and liabilities by the Group based geographical location:

	31 March 2022	31 December 2021
	AED "000" Unaudited	AED "000" Audited
Assets		
United Arab Emirates	2,023,839	1,899,450
Gulf Cooperation Council excluding United Arab Emirates	738,737	802,861
Middle East, North Africa and Turkey	592,358	642,291
East and South Africa	195,012	177,303
Europe	578,117	592,904
North America	173,255	160,316
North Asia	151,252	211,145
South Asia	231,468	251,179
Oceania	642,957	662,499
	<u>5,326,995</u>	<u>5,399,948</u>
Non-current assets*		
United Arab Emirates	767,394	765,315
Gulf Cooperation Council excluding United Arab Emirates	332,076	334,843
Middle East, North Africa and Turkey	257,103	279,749
East and South Africa	75,691	68,016
Europe	152,918	160,731
North America	41,537	41,351
North Asia	33,212	36,499
South Asia	63,652	62,367
Oceania	344,794	343,166
	<u>2,068,377</u>	<u>2,092,037</u>
Liabilities		
United Arab Emirates	849,160	833,340
Gulf Cooperation Council excluding United Arab Emirates	558,597	598,522
Middle East, North Africa and Turkey	264,934	276,322
East and South Africa	82,262	71,024
Europe	202,474	206,444
North America	79,644	70,480
North Asia	88,495	135,837
South Asia	75,031	78,856
Oceania	438,849	453,130
	<u>2,639,446</u>	<u>2,723,955</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.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

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. Such transactions were made on substantially the same terms as with unrelated parties.

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

Key management compensation

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

	For the three-month period ended 31 March	
	2022	2021
	AED "000"	AED "000"
	Unaudited	Unaudited
Salaries and other short-term benefits	1,655	1,725
Board remuneration	1,060	1,013
End of service benefits	90	(186)
	<u>2,805</u>	<u>2,552</u>

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 three-month period ended 31 March 2022 and 2021, as well as balances with related parties as at 31 March 2022 and 31 December 2021:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties (a) AED'000	Amounts owed to related parties (b) AED'000
Associates:	2022	<u>1,332</u>	<u>397</u>	<u>11</u>	<u>4,276</u>
	2021	<u>2,309</u>	<u>287</u>	<u>4,629</u>	<u>1,432</u>
Joint ventures in which the Parent is a venturer:	2022	<u>31,889</u>	<u>113</u>	<u>24,061</u>	<u>16,674</u>
	2021	<u>19,705</u>	<u>176</u>	<u>40,651</u>	<u>-</u>
Related parties and companies controlled by shareholders (c):	2022	<u>39,408</u>	<u>-</u>	<u>51,789</u>	<u>635</u>
	2021	<u>1,094</u>	<u>-</u>	<u>36,028</u>	<u>685</u>

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

10. Related party transactions and balances (continued)

Other transactions and balances with related parties (continued)

- (a) These amounts are classified as accounts receivable.
- (b) These amounts are classified as accounts payable.
- (c) In addition to the existing related parties, included in the above disclosure, balances as at 31 December 2021 and 31 March 2022 in addition to transactions for the period ended 31 March 2022 by the new shareholder, GeoPost, which acquired 24.93% of Aramex PJSC's issued shares during October 2021 as detailed in Note 1.

11. Contingent liabilities and commitments

	31 March 2022	31 December 2021
	AED "000" Unaudited	AED "000" Audited
Letters of guarantee	<u>148,680</u>	<u>146,997</u>

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.

13. Legal claims

The Group is involved in litigations from time-to-time in the ordinary course of business. Legal claims often involve complex issues, actual damages, and other matters. These issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimate of damages are often difficult to determine.

The Group believes that the aggregate provisions recorded for these matters are adequate based upon currently available information as of the reporting date, which may be subject to ongoing revision of existing estimates. However, given the inherent uncertainties related to these claims, the Group could, in the future, incur judgments that could have a material adverse effect on its results of operations, liquidity, financial position or cash flows in any particular period.

As of 31 March 2022, the Group is a defendant in a number of lawsuits amounting to AED 48,382 thousand representing claims in connection with normal ordinary course of business.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

14. Income tax

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate income taxation. Income tax appearing in the condensed interim consolidated statement of profit or loss represents the income tax expense of the Group's subsidiaries that operates in taxable jurisdiction.

Taxes on income in the interim periods are accrued using the applicable tax rates that would be applicable to the expected total annual profit.

15. COVID-19 impact assessment

In January 2020, the World Health Organization (WHO) announced a global health emergency because of (the "COVID-19 outbreak") which, in March 2020, was declared as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this disease has necessitated global travel restrictions and total lockdown in most countries of the world, with negative implications on the global economy and social life. As of 31 March 2022, the Group is continuously monitoring the impact of COVID-19 pandemic on the business, operations and its finances, particularly on the international express costs which was affected mainly due to the transportation restrictions imposed globally.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates.

However, management has performed revised assessments and no material impact has been accounted for in this condensed interim consolidated financial information. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

Business continuity planning

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are allowed to work remotely.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

16. Net gain/(loss) on property and customer goods

On 4 August 2020, an explosion occurred in the Port of Beirut, Lebanon, which resulted in a damage to the entire warehouse facility of the Group's subsidiary in Beirut, Lebanon (Aramex Lebanon S.A.L "Aramex Lebanon"). Furthermore, a fire incident occurred during September 2020 in a storage facility of the Group's subsidiary in Casablanca, Morocco (Aramex Morocco Logistics SARL "Aramex Morocco") which resulted in damage to three chambers of that storage facility.

Based on the Group's assessment, management booked a provision of AED 7,712 thousand (AED 1,469 thousand representing property damages and AED 6,243 thousand representing estimated loss on the customers goods) and AED 45,173 thousand (AED 1,102 thousand representing property damages and AED 44,071 thousand representing estimated loss on the customers goods) to cover the estimated losses as at 31 December 2020 for Aramex Lebanon and Aramex Morocco respectively.

As at 31 March 2022, the remaining provision related to Aramex Lebanon amounted to AED 411 thousand related to a minor customer claim and the remaining provision related to Aramex Morocco Logistics SARL amounted to AED 17,870 thousand related to multiple claims from different customers.

17. Non-cash transactions

	For the three-month period ended 31 March	
	2022	2021
	AED "000"	AED "000"
	Unaudited	Unaudited
Additions to right of use assets and lease liabilities	<u>87,190</u>	<u>46,074</u>
Disposal of right of use assets	<u>11,137</u>	<u>12,911</u>

18. Restricted cash reclassification

As of 31 March 2021, cash and cash equivalents included an amount of AED 50,313 thousand held in Lebanese commercial banks. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Given the financial and economic crisis in Lebanon and due to the restrictions imposed by the Lebanese banks, the balances held with banks are considered to be subject to significant increase in credit risk rather than cash on hand or highly liquid investments. The significant credit risk would also indicate there is a significant risk in terms of the changes in value. These balances were reclassified as part of 'Restricted cash, margins and fixed deposits', that is shown separately on the face of the condensed interim consolidated statement of financial position, as they do not meet the definition of cash and cash equivalents. The comparative condensed interim consolidated statement of cash flows was changed in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The reclassification did not result in any change to the prior period's reported condensed interim consolidated profits.

ARAMEX PJSC AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022

18. Restricted cash reclassification (continued)

Condensed interim consolidated statement of cash flows for the three-month period ended 31 March 2021

	As previously reported AED'000''	Reclassification (decrease) AED'000''	As reclassified AED'000''
Net cash flows used in investing activities	<u>(25,458)</u>	<u>(2,777)</u>	<u>(28,235)</u>
Cash and cash equivalents (net of bank overdrafts)	<u>674,865</u>	<u>(50,313)</u>	<u>624,552</u>
Cash and cash equivalents at 1 January (net of bank overdrafts)	<u>955,649</u>	<u>(48,221)</u>	<u>907,428</u>
Net cash flows generated from operating activities	<u>10,478</u>	<u>685</u>	<u>11,163</u>

19. Subsequent events

- A) On 21 April 2022, the shareholders approved in the Annual General Meeting, a cash dividend of 13% (dividends per share amount to AED 0.13) for the year ended 31 December 2021 of the issued and paid-up capital amounting to AED 1,464,100 thousand. The dividends per share was AED 0.13.
- B) Subsequent to the reporting period, qualitative indicators following the deteriorating economic condition and currency controls in Turkey indicates that it is expected to be a hyper-inflationary economy. Accordingly, the results, cash flows and financial position of the Group's subsidiary "Aramex International Hava Kargo ve Keye Anonim Sirketyi", are expected to be expressed in terms of measuring unit current at reporting dates on or after 30 June 2022 as the Group considers this a non-adjusting event.