

**SAUDI AIRLINES CATERING COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2023

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**INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF  
SAUDI AIRLINES CATERING COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Airlines Catering Company (A Saudi Joint Stock Company) (the "Company" or the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at 31 March 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statements of changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Board Of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as issued in the Kingdom of Saudi Arabia ("KSA"). 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" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of the 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 (ISAs) as endorsed in the KSA 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 are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the KSA.

**Other matter**

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2022 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 18 May 2022 (corresponding to 17 Shawwal 1443H).

for Ernst & Young Professional Services



Abdulaziz S. Alarifi  
Certified Public Accountant  
License No. (572)

Jeddah: 18 May 2023G  
28 Shawwal1444H



# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month period ended 31 March 2023

		<i>Three-month period ended</i>	
		<i>31 March</i>	
		<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues	4	521,582,391	394,605,696
Cost of sales	5	(378,936,271)	(291,550,483)
<b>GROSS PROFIT</b>		<b>142,646,120</b>	<b>103,055,213</b>
Other income		3,504,336	1,985,428
General and administrative expenses		(70,948,419)	(56,488,037)
Allowance for expected credit losses	10	(9,419,683)	(1,907,894)
Other expenses		(624,414)	(594,210)
<b>TOTAL OPERATING PROFIT</b>		<b>65,157,940</b>	<b>46,050,500</b>
Finance income		1,254,046	130,401
Finance cost		(5,032,115)	(5,363,877)
Share of results from investment in associate	9	5,086,894	-
<b>PROFIT BEFORE ZAKAT</b>		<b>66,466,765</b>	<b>40,817,024</b>
Zakat and income tax expense	14	(9,341,600)	(5,504,566)
<b>NET PROFIT FOR THE PERIOD</b>		<b>57,125,165</b>	<b>35,312,458</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>57,125,165</b>	<b>35,312,458</b>
<b>Basic and diluted earnings per share (SR per share)</b>	6	<b>0.70</b>	<b>0.43</b>



Chief Financial Officer



Chief Executive Officer



Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2023

		31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	335,149,746	340,951,680
Right-of-use assets	8	276,456,806	267,144,201
Leases receivables – non-current portion	8	2,791,978	3,790,102
Intangible assets		30,491	37,025
Investment property		30,203,706	30,693,416
Advance against investment in shares		1,875,000	1,875,000
Margin deposit		4,230,000	4,230,000
Investment in associate	9	26,630,017	21,543,123
<b>TOTAL NON-CURRENT ASSETS</b>		<b>677,367,744</b>	<b>670,264,547</b>
<b>CURRENT ASSETS</b>			
Leases receivables - current portion	8	14,341,209	15,458,733
Inventories		66,958,016	61,522,406
Trade and other receivables	10	827,436,485	798,917,472
Prepayments and other receivables		67,549,685	67,789,643
Cash and cash equivalents		447,429,720	417,242,028
<b>TOTAL CURRENT ASSETS</b>		<b>1,423,715,115</b>	<b>1,360,930,282</b>
<b>TOTAL ASSETS</b>		<b>2,101,082,859</b>	<b>2,031,194,829</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	820,000,000	820,000,000
Statutory reserve	12	246,000,000	246,000,000
Retained earnings		70,051,344	53,926,179
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,136,051,344</b>	<b>1,119,926,179</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities – non-current portion	8	165,817,220	175,320,591
Employees' defined benefits obligation		168,212,032	165,219,221
Long-term bonus		7,480,113	8,125,254
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>341,509,365</b>	<b>348,665,066</b>
<b>CURRENT LIABILITIES</b>			
Lease liabilities – current portion	8	162,016,047	132,049,502
Zakat liabilities	14	30,992,174	21,650,574
Trade and other payables	15	430,513,929	408,903,508
<b>TOTAL CURRENT LIABILITIES</b>		<b>623,522,150</b>	<b>562,603,584</b>
<b>TOTAL LIABILITIES</b>		<b>965,031,515</b>	<b>911,268,650</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,101,082,859</b>	<b>2,031,194,829</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.



**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three-month period ended 31 March 2023

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
Balance as at 1 January 2023 (audited)	820,000,000	246,000,000	53,926,179	1,119,926,179
Net profit for the period	-	-	57,125,165	57,125,165
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	57,125,165	57,125,165
Dividends declared (note 13)	-	-	(41,000,000)	(41,000,000)
<b>Balance as at 31 March 2023 (Unaudited)</b>	<b>820,000,000</b>	<b>246,000,000</b>	<b>70,051,344</b>	<b>1,136,051,344</b>
Balance as at 1 January 2022 (audited)	820,000,000	246,000,000	(193,481,256)	872,518,744
Net profit for the period	-	-	35,312,458	35,312,458
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	35,312,458	35,312,458
Balance as at 31 March 2022 (Unaudited)	820,000,000	246,000,000	(158,168,798)	907,831,202



Chief Financial Officer



Chief Executive Officer



Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the three-month period ended 31 March 2023

		<i>For the three-month period ended 31 March</i>	
		2023	2022
		SR	SR
	Notes	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		66,466,765	40,817,024
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation on property, plant and equipment	7	17,851,373	21,583,291
Depreciation on investment property		489,710	489,710
Depreciation on right-of-use assets	8	16,053,661	21,112,586
Amortization of intangible assets		6,534	160,633
Work in progress expensed-out	7	20,585	376,230
Provision for expected credit losses	10	9,419,683	1,907,894
Provision / (reversal of provision) for slow-moving inventory, net		1,170,985	(3,424,150)
Finance income		(1,254,046)	(130,401)
Finance cost		5,032,115	5,363,877
Loss on sale of property, plant and equipment		191,130	4,119
Share of results from associate	9	(5,086,894)	-
Allowance for employees' defined benefits obligation		4,287,474	3,442,220
Modification on lease receivables		2,250,638	-
Provision for accrued bonus - long term		2,025,000	2,025,000
		<u>118,924,713</u>	<u>93,728,033</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories		(6,606,595)	6,662,048
Trade and other receivables		(37,938,696)	(129,288,130)
Prepayments and other receivables		239,958	5,809,359
Trade and other payables		(20,940,664)	3,914,240
		<u>53,678,716</u>	<u>(19,174,450)</u>
<b>Cash generated from / (used in) operations</b>			
Payment of accrued bonus - long term		-	(7,474,746)
Employees' defined benefits obligation paid		(2,900,988)	(2,488,722)
Zakat and income tax paid	14	-	-
		<u>50,777,728</u>	<u>(29,137,918)</u>
<b>Net cash generated from / (used in) operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(12,431,128)	(3,872,051)
Proceeds from disposal of property, plant and equipment		169,974	-
		<u>(12,261,154)</u>	<u>(3,872,051)</u>
<b>Net cash used in investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Payments lease liabilities		(8,328,882)	(4,645,547)
Dividend paid		-	(6,210)
		<u>(8,328,882)</u>	<u>(4,651,757)</u>
<b>Net cash used in financing activities</b>			
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period		30,187,692	(37,661,726)
		<u>417,242,028</u>	<u>176,462,367</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
		<u>447,429,720</u>	<u>138,800,641</u>
<b>SUPPLEMENTARY NON-CASH INFORMATION:</b>			
Transfer from capital work in progress	7	3,800,258	8,027,785

  
Chief Financial Officer

  
Chief Executive Officer

  
Board Member

The attached notes 1 to 18 form part of these unaudited interim condensed consolidated financial statements.

**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**At 31 March 2023**

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**1. ORGANIZATION AND ACTIVITIES**

Saudi Airlines Catering Company (the “Company” or the “Parent company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia. The Company was registered as a Saudi limited liability company on 20 Muharram 1429H (corresponding to 29 January 2008) under commercial registration number 4030175741.

The main objectives of the Company are the provision of cooked and non-cooked food to private and public sectors, provision of sky sales, operation and management of duty-free zones in Saudi Arabian airports and ownership, operation and management of restaurants at airports and other places, and the ownership, operation and management of central laundries.

The Company mainly provides catering services to Saudi Arabian Airlines and other foreign airlines in the airports of Jeddah, Riyadh, Dammam and Madinah in Saudi Arabia and to Saudia’s flights operating from Cairo International Airport.

The Company also has the following branches, which are operating under separate Commercial registrations:

<b><u>Branch Location</u></b>	<b><u>Commercial registration number</u></b>
Riyadh	1010336558
Riyadh	1010616679
Riyadh	1010616680
Dammam	2050082998
Jeddah	4030227251
Jeddah	4030285290
Jeddah	4030365540
Jeddah	4030426294
Jeddah	4030477154
Jeddah	4030485646
Jeddah	4030371373
Makkah	4031084114
Rabigh	4602006306
Medina	4650055980
Medina	4650216315

The Company has investment in the fully owned / controlled subsidiary ‘SACC Catering Company’ (the “subsidiary”), collectively referred to as (the “Group”). The share capital of the subsidiary is SR 5 million. The principal business activity of the subsidiary is mainly to provide catering services as per the commercial registration. The subsidiary has not yet commenced commercial operations.

These interim condensed consolidated financial statements (the “financial statements”) include the financial statements of the Parent Company and its subsidiary.

The registered head office of the Parent Company is:

Al Saeb Al Jomhi Street  
Prince Sultan Bin Abdulaziz Road, Almohammadya District (5)  
P. O. Box 9178, Jeddah 21413  
Kingdom of Saudi Arabia

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).



SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)  
At 31 March 2023

**2. BASIS OF PREPARATION (continued)**

**2.1 Statement of compliance (continued)**

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the interim period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023 (see also note 2.4)

**2.2 Basis of measurement**

These interim condensed consolidated financial statements have been prepared under the historical cost basis using the accrual basis of accounting and the going concern assumption.

**2.3 Functional and presentational currency**

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Group.

**2.4 Significant accounting judgments, estimates and assumptions**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2022.

The significant judgments, estimates and assumptions made by the management in applying the Group's accounting policies are same as those used described in the annual consolidated financial statements for the year ended 31 December 2022.

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2022. However, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**2.5 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 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023.

**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(continued)  
At 31 March 2023

**2. BASIS OF PREPARATION (continued)**

**2.6 New standards, interpretations and amendments adopted by the Group (continued)**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 01, 2023.
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023

**New standards not yet effective**

<b>Standard, interpretation, amendments</b>	<b>Description</b>	<b>Effective date</b>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

**2.6 Basis of consolidation**

These interim condensed consolidated financial statements comprises the interim condensed consolidated financial statements of the Group and its subsidiary as for the period ended 31 March 2023. The Company and its subsidiary are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. Intra-group balances and transactions, and any recognized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of the subsidiary are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Parent Company and its subsidiary have the same reporting periods.

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# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 3. OPERATING SEGMENTS

#### a. Basis for segmentation

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

<i>Reportable segments</i>	<i>Operations</i>
Inflight	Inflight catering, airline equipment and business lounges
Retail	Onboard, ground and online stores
Catering and facilities	Remote & Camp management, Business & Industries catering, Security services, Laundry services, Hajj & Umrah & Baggage handling services

The Board of Directors is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the interim condensed consolidated financial statements. However, the Group's financing (including finance costs, finance income and other income) and zakat are managed on a Group basis and are not allocated to operating segments.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments

31 March 2023 (Unaudited)

	<i>Inflight SR</i>	<i>Retail SR</i>	<i>Catering and facilities SR</i>	<i>Total reportable segments SR</i>	<i>Overheads SR</i>	<i>Head office SR</i>	<i>Elimination SR</i>	<i>Total SR</i>
External revenue	366,179,632	12,937,545	142,465,214	521,582,391	-	-	-	521,582,391
Inter-segment revenue	62,246,052	-	26,992,112	89,238,164	-	-	(89,238,164)	-
<b>Segment revenue</b>	<b>428,425,684</b>	<b>12,937,545</b>	<b>169,457,326</b>	<b>610,820,555</b>	<b>-</b>	<b>-</b>	<b>(89,238,164)</b>	<b>521,582,391</b>
Segment profit / (loss) before zakat	99,105,620	(5,240,255)	25,219,835	119,085,200	(52,618,435)	-	-	66,466,765
Depreciation and amortization	16,639,915	1,986,728	6,045,565	24,672,208	9,736,502	-	-	34,408,710
31 March 2023 (Unaudited)								
<b>Assets:</b>								
Segment assets	1,227,839,544	136,158,624	194,871,769	1,558,869,937	-	-	-	1,558,869,937
Head office	-	-	-	-	-	542,212,922	-	542,212,922
<b>Total Assets</b>	<b>1,227,839,544</b>	<b>136,158,624</b>	<b>194,871,769</b>	<b>1,558,869,937</b>	<b>-</b>	<b>542,212,922</b>	<b>-</b>	<b>2,101,082,859</b>
<b>Liabilities:</b>								
Segment liabilities	458,063,780	52,947,875	60,134,398	571,146,053	-	-	-	571,146,053
Head office	-	-	-	-	-	393,885,462	-	393,885,462
<b>Total Liabilities</b>	<b>458,063,780</b>	<b>52,947,875</b>	<b>60,134,398</b>	<b>571,146,053</b>	<b>-</b>	<b>393,885,462</b>	<b>-</b>	<b>965,031,515</b>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

**3. OPERATING SEGMENTS (continued)**

**b. Information about reportable segments (continued)**

31 March 2022 (Unaudited)

	<i>Inflight SR</i>	<i>Retail SR</i>	<i>Catering and facilities SR</i>	<i>Total reportable segments SR</i>	<i>Overheads SR</i>	<i>Head office SR</i>	<i>Elimination SR</i>	<i>Total SR</i>
External revenue	295,342,550	14,434,107	84,829,039	394,605,696	-	-	-	394,605,696
Inter-segment revenue	42,846,069	- -	19,955,834	62,801,903	-	-	(62,801,903)	-
Segment revenue	338,188,619	14,434,107	104,784,873	457,407,599	-	-	-	394,605,696
Segment profit / (loss) before zakat	84,372,054	(5,475,805)	11,300,848	90,197,097	(49,380,073)	-	-	40,817,024
Depreciation and amortization	26,375,403	1,817,181	5,885,216	34,077,800	9,268,420	-	-	43,346,220
<i>31 December 2022 (Audited)</i>								
<b>Assets:</b>								
Segment assets	1,178,323,269	130,667,623	187,012,987	1,496,003,879	-	-	-	1,496,003,879
Other assets	-	-	-	-	-	535,190,950	-	535,190,950
<b>Total Assets</b>	<b>1,178,323,269</b>	<b>130,667,623</b>	<b>187,012,987</b>	<b>1,496,003,879</b>	<b>-</b>	<b>535,190,950</b>	<b>-</b>	<b>2,031,194,829</b>
<b>Liabilities:</b>								
Segment liabilities	452,255,655	52,276,510	59,371,910	563,904,075	-	-	-	563,904,075
Head office	-	-	-	-	-	347,364,575	-	347,364,575
<b>Total Liabilities</b>	<b>452,255,655</b>	<b>52,276,510</b>	<b>59,371,910</b>	<b>563,904,075</b>	<b>-</b>	<b>347,364,575</b>	<b>-</b>	<b>911,268,650</b>



# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 3. OPERATING SEGMENTS (continued)

#### c. Reconciliations of information on reportable segments to primary statements

##### I. Revenue

	31 March 2023 SR (Unaudited)	31 March 2022 SR (Unaudited)
Total revenue for reportable segments	610,820,555	457,407,599
Elimination of intersegment revenue	(89,238,164)	(62,801,903)
<b>Total revenue</b>	<b>521,582,391</b>	<b>394,605,696</b>

##### II. Profit

	31 March 2023 SR (Unaudited)	31 March 2022 SR (Unaudited)
Total profit for reportable segments	119,085,200	90,197,097
Overheads	(52,618,435)	(49,380,073)
<b>Total profit</b>	<b>66,466,765</b>	<b>40,817,024</b>

##### III. Assets

	31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Total assets for reportable segments	1,558,869,937	1,496,003,879
Head office	542,212,922	535,190,950
<b>Total assets</b>	<b>2,101,082,859</b>	<b>2,031,194,829</b>

Head office amounts principally related to cash and cash equivalents, investments and prepayment and other assets. Right-of-use assets and subleased assets have been allocated to their related segments.

##### IV. Liabilities

	31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Total liabilities for reportable segments	571,146,053	563,904,075
Head office	393,885,462	347,364,575
<b>Total liabilities</b>	<b>965,031,515</b>	<b>911,268,650</b>

Head office amounts are principally related to trade and other payables, zakat liabilities and employees' terminal benefits. Lease liabilities have been allocated to the related segment.

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 3. OPERATING SEGMENTS (continued)

#### c. Reconciliations of information on reportable segments to primary statements (continued)

#### V. Geographical information

	31 March 2023 SR (Unaudited)	31 March 2022 SR (Unaudited)
<b>Revenue</b>		
Kingdom of Saudi Arabia	514,164,291	381,989,431
<i>All foreign countries</i>		
Egypt – Cairo	7,418,100	12,616,265
<b>Total revenue</b>	<b>521,582,391</b>	<b>394,605,696</b>

#### d. Major customer

Revenue from one customer of the Group represented approximately 56% (31 March 2022: 66%) of the total revenues.

### 4. REVENUES

	2023 SR (Unaudited)	2022 SR (Unaudited)
In-flight catering revenue	310,103,395	252,273,683
Non-airlines revenue	142,689,595	83,748,486
Business lounge revenue	52,889,054	41,559,836
Retail revenue	12,937,545	14,434,107
<b>Other operating revenues</b>		
Camp facilities sales (staff feeding & accommodation)	962,802	1,589,584
Exclusivity purchase income & services to suppliers	2,000,000	1,000,000
	<b>521,582,391</b>	<b>394,605,696</b>

### 5. COST OF SALES

	2023 SR (Unaudited)	2022 SR (Unaudited)
Cost of materials and goods	175,108,319	122,423,000
Personnel costs	90,136,962	77,725,763
Depreciation	30,815,990	38,437,962
Rent and maintenance of production units	16,377,392	9,038,176
<b>Other costs</b>		
Manpower and transportation cost	17,381,568	13,086,743
Supplies and expandable items	14,796,522	11,645,761
Communication and utilities	7,113,528	6,273,090
Other operational costs	27,205,990	12,919,988
	<b>378,936,271</b>	<b>291,550,483</b>

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net income for the period attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is not applicable to the Group.

The basic and diluted earnings per share are calculated as follows:

	2023 SR (Unaudited)	2022 SR (Unaudited)
Net Profit for the period	57,125,165	35,312,458
Weighted average number of ordinary shares	82,000,000	82,000,000
Basic and diluted earnings per share (SR per share)	0.70	0.43

### 7. PROPERTY, PLANT AND EQUIPMENT

	31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
<b><u>Cost:</u></b>		
Balance at 1 January 2023	783,600,274	766,014,073
Additions during the period	12,431,128	18,464,052
Disposals during the period	(3,113,912)	(501,622)
Expensed during the period	(20,585)	(376,229)
Balance at the end of period / year	792,896,905	783,600,274
<b><u>Accumulated depreciation:</u></b>		
Balance at 1 January 2023	442,648,594	358,007,600
Charge for the period	17,851,373	85,123,092
Disposals during the period	(2,752,808)	(482,098)
Balance at 31 March 2023 (Unaudited)	457,747,159	442,648,594
<b><u>Carrying amounts:</u></b>		
At the end of period / year	335,149,746	340,951,680

- a) Capital work in progress represents construction works at renovation of Retail Shop in Riyadh Airport, Jeddah Airport Unit and Riyadh Airport Unit Building modifications.

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 8. LEASES

#### a. Right -of-use assets

	<i>Commercial Building SR</i>	<i>Land SR</i>	<i>Residential Building SR</i>	<i>Vehicles SR</i>	<i>Total 2023 SR</i>
<b><u>Cost:</u></b>					
Balance at 1 January 2023	450,353,468	59,814,366	44,839,680	14,763,450	<b>569,770,964</b>
Additions (see note below)	25,366,266	-	-	-	<b>25,366,266</b>
Balance at 31 March 2023	<u>475,719,734</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u><b>595,137,230</b></u>
<b><u>Accumulated depreciation:</u></b>					
Balance at 1 January 2023	251,964,777	11,031,342	24,867,194	14,763,450	<b>302,626,763</b>
Charge for the period	13,618,710	689,459	1,745,492	-	<b>16,053,661</b>
Balance at 31 March 2023	<u>265,583,487</u>	<u>11,720,801</u>	<u>26,612,686</u>	<u>14,763,450</u>	<u><b>318,680,424</b></u>
<b><u>Carrying amounts:</u></b>					
<b>At 31 March 2023 (Unaudited)</b>	<u><b>210,136,247</b></u>	<u><b>48,093,565</b></u>	<u><b>18,226,994</b></u>	<u>-</u>	<u><b>276,456,806</b></u>
	<i>Commercial Building Lease SR</i>	<i>Land Lease SR</i>	<i>Residential Lease SR</i>	<i>Vehicles Lease SR</i>	<i>Total 2022 SR</i>
<b><u>Cost:</u></b>					
Balance at 1 January 2022	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
Additions	10,755,094	-	-	-	10,755,094
Terminations (see note (ii) below)	(6,820,738)	-	(100,605,934)	-	(107,426,672)
Balance at 31 December 2022	<u>450,353,468</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>569,770,964</u>
<b><u>Accumulated depreciation:</u></b>					
Balance at 1 January 2022	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Charge for the year	58,329,811	2,757,835	10,628,846	3,683,274	75,399,766
Terminations	(5,550,878)	-	(16,775,650)	-	(22,326,528)
Balance at 31 December 2022	<u>251,964,777</u>	<u>11,031,342</u>	<u>24,867,194</u>	<u>14,763,450</u>	<u>302,626,763</u>
<b><u>Carrying amounts:</u></b>					
<b>At 31 December 2022</b>	<u><b>198,388,691</b></u>	<u><b>48,783,024</b></u>	<u><b>19,972,486</b></u>	<u>-</u>	<u><b>267,144,201</b></u>

During the period ended 31 March 2023, the company entered into a new contract with Saudi Iwaa for Residential Compounds in Riyadh.

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 8. LEASES (continued)

#### b. Lease Liabilities

	31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At beginning of the period / year	307,370,093	474,499,382
Additions to lease liabilities during the period / year	25,366,266	10,755,093
Interest expense during the period / year	3,425,790	17,801,951
Related to terminated contract	-	(105,366,036)
Lease payment during the period / year	(8,328,882)	(90,320,297)
Lease liabilities at end of the period / year	327,833,267	307,370,093
Less: Current portion of lease liabilities	(162,016,047)	(132,049,502)
Non-Current portion of lease liabilities	165,817,220	175,320,591

#### c. Leases receivables

Movement in net lease receivables during the period/year is as follows:

	31 March 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Net lease receivables at beginning of the period / year	19,248,835	24,074,505
Finance income	134,990	451,828
Modification	(2,250,638)	-
Payments received during the period / year	-	(5,277,498)
Net lease receivables at end of the period / year	17,133,187	19,248,835
Less: Current portion of net lease receivables	(14,341,209)	(15,458,733)
Non-Current portion of net lease receivables	2,791,978	3,790,102

### 9. INVESTMENT IN ASSOCIATE

The Group has a 40% shareholding in Saudi French Company for Duty Free Operations and Management.

The balances of the investment in associate as at 31 March 2023 and 31 December 2022 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	40%	40%	26,630,017	21,543,123



# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 9. INVESTMENT IN ASSOCIATE (continued)

a) The associate does not issue interim financial statements, accordingly the financial data below and the share of results for the three-month period ended 31 March 2023 and year ended 31 December 2022 are based on internal management reporting.

b) Below is the summary of the financial information of the associate as at 31 March 2023 and 31 December 2022:

i) <u>Share in net assets</u>	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Non-current assets	<b>4,615,600</b>	93,951,585
Current assets	<b>138,265,614</b>	138,767,430
Total assets	<b>142,881,214</b>	232,719,015
Non-current liabilities	<b>4,150,948</b>	22,826,718
Current liabilities	<b>74,044,243</b>	158,953,667
Total liabilities	<b>78,195,191</b>	181,780,385
<b>Net assets</b>	<b>64,686,023</b>	50,938,630
Group's share in net assets	<b>26,630,017</b>	21,543,123
ii) <u>Share in profit</u>	<b>31 March 2023 SR (Unaudited)</b>	<b>31 March 2022 SR (Unaudited)</b>
Revenue	<b>114,933,866</b>	81,313,832
Net income for the period	<b>12,717,236</b>	489,036
Company's share of profit for the period (40%)	<b>5,086,894</b>	-

The associate had no contingent liabilities or capital commitments as at 31 March 2023 and 2022.

c) During the year ended 31 December 2022, the Group reversed the total impairment of investment in associate and recognize their share of results in the mentioned associate. The movement in investment in associate for the year is as follows:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Investment value at 1 January	<b>21,543,123</b>	3,125,930
Investment impairment	-	(3,125,930)
Net at beginning of the period / year	<b>21,543,123</b>	-
Group's share of results in an associate	<b>5,086,894</b>	18,417,193
Reversal of impairment	-	3,125,930
At ending of the period / year	<b>26,630,017</b>	21,543,123

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 10. TRADE AND OTHER RECEIVABLES

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Trade receivables - Due from related parties (note 16)	<b>561,847,296</b>	564,795,615
Trade receivables – Others	<b>350,379,680</b>	338,410,877
Unbilled receivables ( <i>note c below</i> )	<b>73,043,016</b>	44,124,804
	<b>985,269,992</b>	947,331,296
Less: allowance for expected credit losses	<b>(157,833,507)</b>	(148,413,824)
	<b>827,436,485</b>	798,917,472

- a) Trade receivables are non-interest bearing. The credit terms of the trade receivables vary across the business segments of the Group. It is not the practice of the Group to obtain collateral over receivables and the vast majority of these are, therefore, unsecured. For terms and conditions with related parties please refer to Note 16.
- b) As at 31 March 2023, approximately 71% of the Group's trade receivable's balance was due from various governmental and semi-Government entities (31 December 2022: SR 69%).
- c) Unbilled receivables represent billing not yet approved by customers. As at 31 March 2023 and 31 December 2022 the unbilled receivables balances was having aging of less than one year.

The movement in allowance for expected credit losses is as follows:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
At the beginning of the period / year	<b>148,413,824</b>	126,596,732
Charge during the period / year	<b>9,419,683</b>	25,705,642
Written off during the period / year	-	(3,888,550)
At the end of the period / year	<b>157,833,507</b>	148,413,824

### 11. SHARE CAPITAL

As at the statement of financial position date, the authorized, issued and fully paid share capital is SR 820 million (2021: SR 820 million) which is divided into 82 million (2021: 82 million) shares of SR 10 par value each (2021: SR 10 par value each).

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

The shareholders and their percentage interests in the share capital of the Parent Company as at 31 March 2023 and 31 December 2022 are as follows:

<b><u>Name of Shareholders</u></b>	<b><u>Number of shares</u></b>	<b><u>Value in SR</u></b>	<b><u>Percentage Holding %</u></b>
Saudi Arabian Airlines Corporation	<b>29,274,000</b>	292,740,000	<b>35.7</b>
Abdulmohsen Alhokair Group for Tourism and Development	<b>7,711,256</b>	77,112,560	<b>9.4</b>
General public	<b>45,014,744</b>	450,147,440	<b>54.9</b>
	<b>82,000,000</b>	820,000,000	<b>100</b>

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**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

At 31 March 2023

**12. STATUTORY RESERVE**

In accordance with the new Company's bylaws approved by the General Assembly meeting dated 17 April 2017 and the new Saudi Arabian Regulations for Companies, the Parent Company sets aside 10% of its profit each year as statutory reserve until such reserve equals to 30% of the share capital.

**13. DIVIDENDS**

On 22 March 2023, and in its issued resolution, the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the fiscal year 2022 amounted to SR 41 million at SR 0.5 per share. The distribution date will be on 30 April 2023.

**14. ZAKAT**

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Zakat payable	<b>38,119,372</b>	28,777,772
Advance income tax relating to foreign shareholding	<b>(7,127,198)</b>	(7,127,198)
Net zakat payable	<b>30,992,174</b>	21,650,574

i) Movement in Zakat provision is as follows:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Balance at beginning of the period / year	<b>28,777,772</b>	20,075,409
Charge for the period / year	<b>9,341,600</b>	28,777,772
Adjustment related to prior years	-	(59,945)
Payments during the period / year	-	(20,015,464)
Balance at end of the period / year	<b>38,119,372</b>	28,777,772

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 14. ZAKAT (continued)

ii) Charge of the period ended 31 March 2023 and year ended 31 December 2022 is as follows:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Zakat charge for the period / year	<b>9,341,600</b>	28,777,772
Prior year adjustment	-	(59,945)
<b>Total Zakat of the period / year</b>	<b>9,341,600</b>	<b>28,717,827</b>

#### *Zakat assessments status*

The Group's status of the assessments is as follows:

##### ***The Parent Company:***

The Company has submitted its Zakat and tax declarations for the years 2008 to 2022.

For the year ended 31 December 2008, Zakat, Tax and Customs Authority ("ZATCA") issued an assessment claiming additional Zakat and tax along with delay penalties of SR 475 K, which the Company settled under protest, and simultaneously filed an objection. The ZATCA partially accepted the Company's objection. Accordingly, the Company has accepted the remaining claim and is in the process of obtaining a refund of the amount accepted by ZATCA, SR 313K.

For the years ended 31 December, 2009 to 2014, the ZATCA issued queries for the mentioned years. ZATCA has not issued any assessments. However, given the statute of limitation is five years under zakat regulations and the assessment for the subsequent years has been issued, the Company believes there may not be any further correspondence for the above period which can therefore be considered as final.

For the years ended 31 December 2015 to 2018, The ZATCA issued assessments on 22 December 2020, claiming additional Zakat, tax, and delay penalties on tax amounting to SR 16 million. The Company submitted its objection against the assessment, and after attending a hearing with ZATCA, the Company received a revised assessment claiming SR 14 million, which was not accepted, hence the Company escalated the case to the Tax Violation and Dispute Resolution Committee ("TVDRC"), The TVDRC conducted a hearing on 17 July 2022. Later, the TVDRC issued its decision, partially accepting the Company's objection. As a result, the total additional Zakat has been reduced to SR 11.7 million for all these years. The Company escalated the objection to the Tax Violation and Dispute Appeal Committee ("TVDAC") on 12 September 2022, and the case is being under their review.

For the years ended 31 December 2019 to 2020, post-submission of the response to the ZATCA queries and draft assessment, the ZATCA issued a final assessment claiming additional Zakat, tax, and penalties amounting to SR 9.2 million. The Company submitted an objection against the above assessment. Upon receiving ZATCA's decision, the Company escalated the case to TVDRC on December 31, 2021. Post-hearing being held at the TVDRC level, the TVDRC issued a decision on 17 January 2023; in its decision, they partially accepted the Company's objection. However, the Company still did not accept the decision, further escalating the objection to TVDAC on 15 February 2023. Currently, the case is being under their review.

The Company has a refund of SR 7.1 million for overpaid accelerated taxes. The Company is in the process of obtaining the said refund from ZATCA.

For the years ended 31 December 2022, the Company has submitted its Zakat declarations and obtained a Zakat certificate valid until 30 April 2024.

##### ***The Subsidiary***

The subsidiary has submitted its Zakat declarations up to the year ended 31 December 2022 and obtained the unrestricted Zakat certificate valid until 30 April 2024.

# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 15. TRADE AND OTHER PAYABLES

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Accrued expenses	<b>253,794,057</b>	232,626,157
Trade payables – third parties	<b>81,775,890</b>	126,767,350
Payroll accruals	<b>41,887,537</b>	38,226,625
Trade payables – related parties (note 16)	<b>9,609,910</b>	8,836,841
Dividend payable (note 13)	<b>43,446,535</b>	2,446,535
	<b>430,513,929</b>	408,903,508

### 16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include Group's shareholders, subsidiaries, associated companies, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

i) Following are the details of related party transactions during the period:

Name of Related party	Nature of transactions	Three-month period ended	
		31 March	
		2023	2022
		SR	SR
		(Unaudited)	(Unaudited)
Shareholders			
Saudi Arabian Airlines Corporation	Sale of goods and services	374,833,752	281,933,436
	Services received	269,184	1,174,401
Abdulmohsen Alhokair Group for Tourism and Development	Services received	-	610
Affiliates			
Saudi Ground Services Company	Sale of goods and services	12,896,813	7,157,422
	Services received	592,726	812,916
Saudi Airlines Cargo Company	Sale of goods and services	1,511,968	1,798,987
	Services received	858,133	185,481
Saudi French Company for Duty Free Operations and Management	Sale of goods and services	2,030,279	1,393,859
Saudi Airlines Real Estate Development Company	Sale of goods and services	-	28,267
	Services received	565,932	-
Saudi Private Aviation	Sale of goods and services	6,361,341	8,536,922
Saudia Royal Fleet	Sale of goods and services	8,353,737	11,755,779
Saudia Aerospace Engineering Industries	Sale of goods and services	580,872	508,036
Flyadeal Airlines Company	Sale of goods and services	2,903,173	1,554,233
Al Salam Aircraft Company	Sale of goods and services	79,074	209,291
Prince Sultan Aviation Academy	Sale of goods and services	12,133	



# SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

### 16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

ii) Due from related parties comprised the following:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Saudi Arabian Airlines Corporation	<b>438,797,364</b>	430,488,596
Saudia Royal Fleet	<b>51,179,728</b>	53,662,602
Saudi Ground Services Company	<b>40,300,728</b>	47,269,751
Saudi Private Aviation	<b>14,019,284</b>	12,670,913
Saudia Aerospace Engineering Industries	<b>10,559,007</b>	9,978,135
Flyadeal Airlines Company	<b>3,070,814</b>	3,028,242
Saudi Airlines Cargo Company	<b>1,820,950</b>	2,132,060
Al Salam Aircraft Company	<b>1,161,297</b>	1,262,454
Saudi French Company for Duty Free Operations and Management	<b>679,617</b>	4,043,890
Prince Sultan Aviation Academy	<b>125,887</b>	113,754
Saudi Airlines Real Estate Development Company	<b>132,620</b>	145,218
	<b><u>561,847,296</u></b>	<b><u>564,795,615</u></b>

iii) Due to related parties comprised the following:

	<b>31 March 2023 SR (Unaudited)</b>	<b>31 December 2022 SR (Audited)</b>
Saudi Airlines Real Estate Development Company	<b>9,010,282</b>	8,444,349
Saudi Airlines Cargo Company	<b>6,902</b>	392,492
Saudi Ground Services Company	<b>592,726</b>	-
	<b><u>9,609,910</u></b>	<b><u>8,836,841</u></b>

### Terms and conditions of transactions with related parties

Outstanding balances at the reporting period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business. For the period ended 31 March 2023 and year ended 31 December 2022, the amounts owed by related parties are not impaired.

iv) Compensation of key management personnel of the Group:

Key management personnel of the Group comprise of key members of the management having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is shown below:

	<b>Three-month period ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>SR</b>	<b>SR</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Short term employee benefits	<b>1,709,447</b>	2,303,694
Post-employment benefits	<b>24,300</b>	36,450
Termination benefits	<b>238,214</b>	132,622
Key management bonus	<b>1,000,000</b>	965,039
	<b><u>2,971,961</u></b>	<b><u>3,437,805</u></b>

The amounts disclosed in the table are the amounts recognised as an expense during the year related to key management personnel.

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**SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

At 31 March 2023

**17. CONTINGENCIES AND COMMITMENTS**

As at 31 March 2023 and 31 December 2022, the Group had the following commitments, letter of guarantees and contingencies:

	<b>2023</b>	<b>2022</b>
	<b>SR</b>	<b>SR</b>
Capital commitments	<b>77,766,198</b>	46,222,342
Letter of guarantees (refer to note below)	<b>59,364,125</b>	51,451,595

On 31 March 2023, the Group had outstanding letters of guarantee amounting to SR 59.4 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2022: SR 51.5) with cash margin deposit amounting to SR 10.6 million (31 December 2022: SR 10.5 million).

Vendors and ex-employees have commenced an action against the Group in respect of individual and commercial claimed to be defective. The estimated payout is SR 2.5 million should the action be successful.

**18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors on 16 May 2023G (corresponding to 26 Shawwal 1444H).