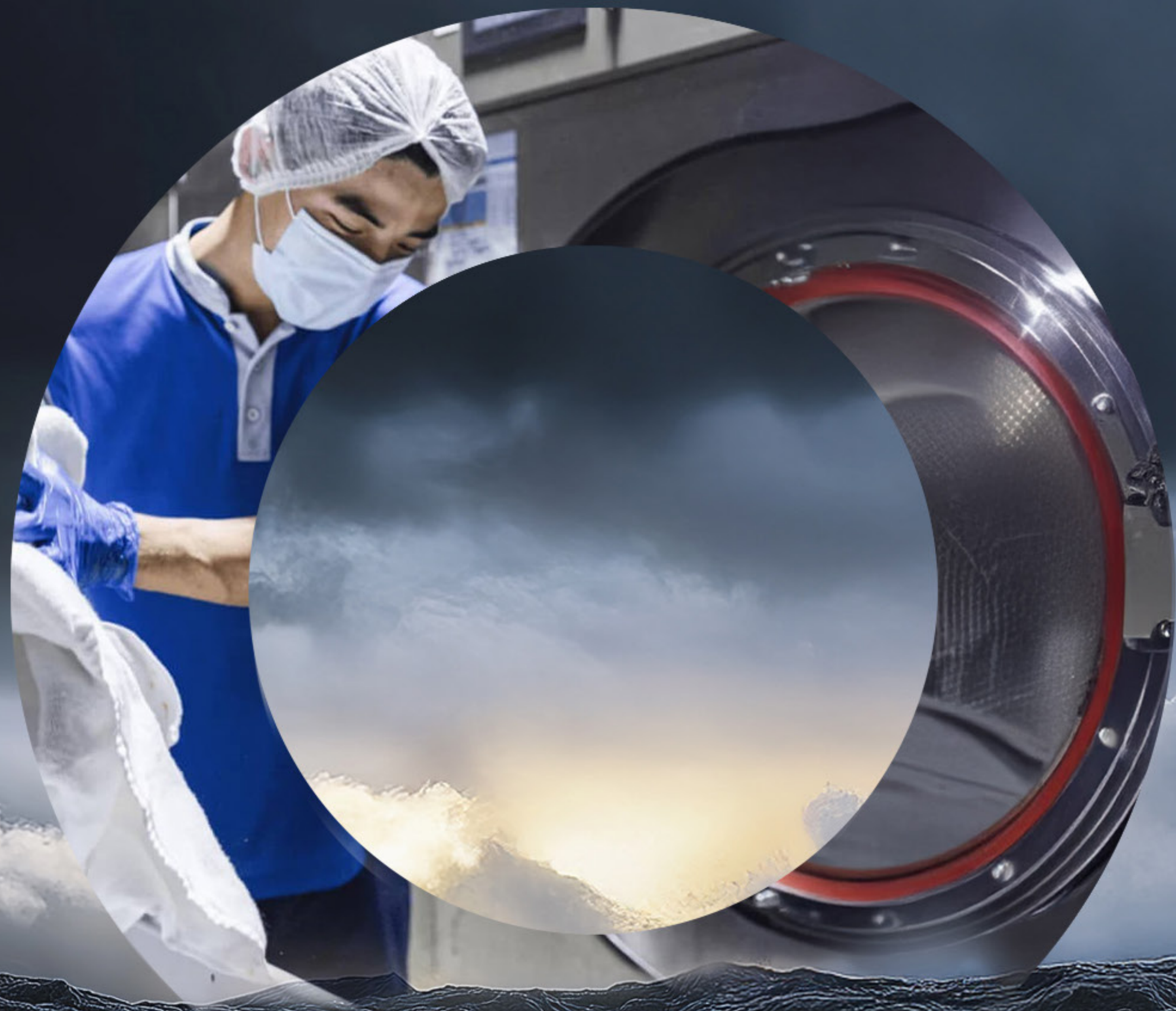
05

FINANCIAL STATEMENTS

Auditor’s Report

Consolidated Financial Statement



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CATRION CATERING HOLDING COMPANY (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CATRION Catering Holding Company (A Saudi Joint Stock Company) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profits or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CATRION CATERING HOLDING COMPANY (A Saudi Joint Stock Company)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses on trade and unbilled receivables As at 31 December 2024, the gross balance of trade and unbilled receivables amounted to 848 million (2023: 749 million), against which an allowance for expected credit losses of 132 million (2023: 149 million) was maintained. The Group assesses at each reporting date whether the trade and unbilled receivables carried at amortized cost are credit impaired. The management determines and recognizes expected credit losses allowance ('ECL') as required by International Financial Reporting Standard 9 (Financial Instruments) ('IFRS 9'). Significant judgments, estimates and assumptions have been made by the management in the calculation of ECL impact. We have considered the determination of the ECL as a key audit matter, as this determination requires management to apply significant judgments and make significant estimates. The key areas of judgements and estimates includes Assumptions used in the ECL model for determining probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), and incorporating forward looking assumptions, macro-economic factors and the associated scenarios and expected probability weightages. Refer to note 3.13 to the financial statements for the material accounting policy, note 2.1 for the accounting estimates and judgements and note 13 which details the disclosure of impairment against trade and unbilled receivable.	**Our audit procedures performed included, among others, the following:** • Obtained understanding of the Group's process around the trade and unbilled receivable allowance for expected credit losses. • On a sample basis, we tested the accuracy of trade and unbilled receivables ageing generated by the accounting system which is used in the preparation of ECL model as at 31 December 2024. • Involved our internal specialist to assess the reasonableness of significant judgements, estimates and assumptions made by the management with reference to the calculation of ECL including the Group's assessment of the probability of default, incorporation of forward-looking and loss given default parameters used in ECL model. • Evaluated the Group's accounting policy for ECL allowance in accordance with the requirement of IFRS 9. • Tested the arithmetical accuracy of the ECL model. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Other Information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of CATRION CATERING HOLDING COMPANY (A Saudi Joint Stock Company)

Other Information included in the Group's 2024 Annual Report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY) CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

Declaration	Note	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**805,396,744**	414,893,911
Right-of-use assets	14	**211,222,337**	234,981,152
Leases receivables – non-current portion	14	**-**	990,148
Intangible assets		**-**	10,890
Investment property	8	**26,775,735**	28,734,575
Advance against investment in shares		**3,790,764**	1,875,000
Margin deposit	10	**4,230,000**	4,230,000
Investment in an associate	9	**43,338,366**	36,954,874
TOTAL NON-CURRENT ASSETS		**1,094,753,946**	722,670,550
CURRENT ASSETS			
Inventories	11	**84,577,494**	77,190,313
Leases receivables – current portion	14	**5,241,092**	4,777,598
Trade and unbilled receivables	12	**716,109,290**	601,498,527
Prepayments and other receivables	13	**155,857,890**	86,298,862
Cash and cash equivalents	15	**631,298,642**	702,456,181

Declaration	Note	31 December 2024	31 December 2023
TOTAL CURRENT ASSETS		**1,593,084,408**	1,472,221,481
TOTAL ASSETS		**2,687,838,354**	2,194,892,031
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**820,000,000**	820,000,000
Statutory reserve	17	**246,000,000**	246,000,000
Retained earnings		**385,815,663**	220,068,464
TOTAL EQUITY		**1,451,815,663**	1,286,068,464
LIABILITIES			
NON-CURRENT LIABILITIES			
Loan and borrowings – non-current portion	19	**157,290,378**	-
Lease liabilities – non-current portion	14	**165,477,645**	150,255,896
Employees' defined benefits obligation	20	**170,168,092**	164,848,553
Long-term bonus	21	**3,716,789**	11,700,000
TOTAL NON-CURRENT LIABILITIES		**496,652,904**	326,804,449
CURRENT LIABILITIES			
Loan and borrowings – current portion	19	**4,154,218**	-
Trade and other payables	22	**663,151,680**	462,043,182
Lease liabilities – current portion	14	**52,081,833**	94,447,407
Zakat liabilities	23	**19,982,056**	25,528,529
TOTAL CURRENT LIABILITIES		**739,369,787**	582,019,118
TOTAL LIABILITIES		**1,236,022,691**	908,823,567
TOTAL EQUITY AND LIABILITIES		**2,687,838,354**	2,194,892,031

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2024

Declaration	Note	31 December 2024	31 December 2023
Revenue	25	**2,299,259,701**	2,133,762,298
Cost of revenue	26	**(1,657,650,977)**	(1,567,769,793)
GROSS PROFIT		**641,608,724**	565,992,505
General and administrative expenses	28	**(298,493,156)**	(288,423,268)
Reversal / (allowance) for expected credit losses	12	**98,697**	(1,274,113)
Other income	27	**19,146,907**	29,494,363
Other expenses	29	**(1,844,656)**	(1,420,927)
OPERATING PROFIT		**360,516,516**	304,368,560
Share of results from investment in associate	9	**11,383,492**	15,411,751
Finance income	30	**23,949,174**	16,855,560
Finance costs	31	**(20,136,021)**	(20,098,131)
PROFIT BEFORE ZAKAT		**375,713,161**	316,537,740
Zakat	23	**(22,943,053)**	(33,880,036)
NET PROFIT FOR THE YEAR		**352,770,108**	282,657,704

Declaration	Note	31 December 2024	31 December 2023
Other comprehensive (loss) / income for the year Items that will not be reclassified to profit or loss in subsequent years:			
Re-measurement (loss) / gain on employees' defined benefits obligation	20	**(2,522,909)**	6,484,581
Other comprehensive (loss) / income for the year		**(2,522,909)**	6,484,581
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**350,247,199**	289,142,285
EARNINGS PER SHARE:			
Basic and diluted earnings per share (per share)	32	**4.30**	3.45

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Declaration	Note	Share capital	Statutory reserve	Retained earnings	Total
At 1 January 2023		820,000,000	246,000,000	53,926,179	**1,119,926,179**
Net profit for the year		-	-	282,657,704	**282,657,704**
Other comprehensive income	20	-	-	6,484,581	**6,484,581**
Total comprehensive income for the year		-	-	289,142,285	**289,142,285**
Dividends	18	-	-	(123,000,000)	**(123,000,000)**
At 31 December 2023		820,000,000	246,000,000	220,068,464	**1,286,068,464**
Net profit for the year		-	-	352,770,108	**352,770,108**
Other comprehensive loss	20	-	-	(2,522,909)	**(2,522,909)**
Total comprehensive income for the year		-	-	350,247,199	**350,247,199**
Dividends	18	-	-	(184,500,000)	**(184,500,000)**
At 31 December 2024		**820,000,000**	**246,000,000**	**385,815,663**	**1,451,815,663**

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

Declaration	Note	31 December 2024	31 December 2023
OPERATING ACTIVITIES			
Profit before zakat		**375,713,161**	316,537,740
Adjustments for:			
Depreciation on property, plant and equipment	7	**55,182,653**	61,258,738
Depreciation on investment in property	8	**1,958,840**	1,958,841
Depreciation on right-of-use assets	14	**51,276,098**	56,686,601
Amortization of intangible assets		**10,890**	26,135
Work in progress expensed during the year	7	**275,790**	338,920
(Reversal of provision) / provision for slow moving inventory, net	11	**(2,901,586)**	(5,362,980)
(Reversal)/ provision for expected credit losses	12	**(98,697)**	1,274,113
Finance income	30	**(23,949,174)**	(16,855,560)
Finance cost	31	**20,136,021**	20,098,131
Share of results in an associate	9	**(11,383,492)**	(15,411,751)
Loss / (gain) on disposal of property, plant and equipment		**152,045**	(1,343,298)
Gain on termination and modification of leases	27	**-**	(16,066,644)
Modification on lease receivables		**-**	2,250,729
Long-term bonus	21	**8,205,000**	3,574,746
Provision for employees' defined benefits obligation	20	**22,770,506**	18,921,529

Declaration	Note	31 December 2024	31 December 2023
		497,348,055	427,885,990
Working capital changes:			
Trade and unbilled receivables		**(114,512,066)**	196,144,832
Inventories		**(4,485,595)**	(10,304,927)
Prepayments and other receivables		**(69,559,028)**	(18,509,219)
Trade and other payables		**208,778,907**	62,091,051
Cash generated from operating activities		**517,570,273**	657,307,727
Employees' defined benefits obligation paid	20	**(27,206,891)**	(19,299,201)
Zakat paid, net	23	**(28,489,526)**	(30,002,081)
Net cash flows from operating activities		**461,873,856**	608,006,445
INVESTING ACTIVITIES:			
Payments received for lease receivables	14	**733,248**	11,643,244
Proceeds from disposal of property, plant and equipment		**615,500**	1,750,352
Dividend received from associate	9 (c)	**5,000,000**	-
Additions to property, plant and equipment	7	**(446,728,821)**	(135,946,943)
Advance against investment in shares		**(1,915,764)**	-
Net cash flows used in investing activities		**(442,295,837)**	(122,553,347)

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF
CASH FLOWS
For the year ended 31 December 2024

Declaration	Note	31 December 2024	31 December 2023
FINANCING ACTIVITIES:			
Payments of lease liabilities	14 (B)	**(67,564,114)**	(77,521,988)
Loan proceeds		**161,444,596**	-
Dividends paid		**(184,616,040)**	(122,716,957)
Net cash flows used in financing activities		**(90,735,558)**	(200,238,945)
Change in cash and cash equivalents		**(71,157,539)**	285,214,153
Cash and cash equivalents at the beginning of the year		**702,456,181**	417,242,028
Cash and cash equivalents at the end of the year	15	**631,298,642**	702,456,181
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION			
Additions to right-of-use assets and lease liabilities	14	**27,517,283**	45,355,425
Receivables balances written off during the year	12	**17,300,529**	311,667

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
At 31 December 2024

1. CORPORATE INFORMATION

CATRION Catering Holding Company (the “Parent Company”) is a Saudi Joint Stock Company domiciled in the Kingdom of Saudi Arabia. The Company was registered as a Saudi limited liability company on 20 Muharram 1429H (29 January 2008) under Commercial Registration No. 4030175741.

The Company’s and its subsidiaries (the “Group”) are mainly involved in 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 Saudi’s flights operating from Cairo International Airport.

The Group also has the following branches, which are operating under separate commercial registrations:

Branch Location	Commercial registration number
Riyadh	1010336558
Riyadh	1010616679
Riyadh	1010616680
Dammam	2050082998
Medina	4650055980
Medina	4650216315
Sharma	3557100105
Jeddah	4030227251
Jeddah	4030285290
Jeddah	4030426294
Jeddah	4030477154
Jeddah	4030485646
Makkah	4031084114
Rabigh	4602006306

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2024

The Company has investment in the fully owned / controlled subsidiaries listed below, (the "subsidiaries"), collectively referred to as (the "Group").

Subsidiary Name	Commercial registration number	Date of incorporation	Country on incorporation	The principal activity	Effective holding		Share capital	
					2024	2023	**2024**	2023
CATRION Catering Services LLC	4030371373	3 December 2019	Kingdom of Saudi Arabia	Catering services	**100%**	100%	**500,000**	5,000,000
CATRION Commercial Laundry LLC	4030515446	22 June 2023	Kingdom of Saudi Arabia	Laundry, Washing and Drycleaning	**100%**	100%	**500,000**	5,000,000
CATRION Operations and Maintenance LLC	400536143	18 December 2023	Kingdom of Saudi Arabia	Catering Services Facility Management	**100%**	100%	**500,000**	5,000,000
CATRION Laundry Operation and Maintenance LLC	4030536144	18 December 2023	Kingdom of Saudi Arabia	Laundry, Washing and Drycleaning	**100%**	100%	**500,000**	5,000,000

These consolidated financial statements (the "financial statements") include the financial statements of the Parent Company and its subsidiaries.

The registered head office of the Parent Company is located at the following address:
Al Saeb Al Jomhi Street
Prince Sultan Bin Abdulaziz Road, Almohammadya District (5)
P. O. Box 9178, Jeddah 21413
Kingdom of Saudi Arabia.

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
At 31 December 2024

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRSs" as endorsed in Kingdom of Saudi Arabia"). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept. The consolidated financial statements provide comparative information in respect of the previous year.

The consolidated financial statements are presented in Saudi Arabian Riyals, which is the functional currency of the Group.

2.1 Accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, in view of the current uncertainties, any change in these 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 years. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

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

- Sensitivity analyses disclosures (note 20 and 35)
- Financial instruments risk management and policies (note 35)
- Capital management (note 36)

Judgements

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

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

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

The Group has several lease contracts that include termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group assessed that one performance obligation is related to catering services can be measured reliably.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract, if any.

Going concern

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

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
At 31 December 2024

2. BASIS OF PREPARATION (Continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Useful lives of property, plant and equipment/intangible asset

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

Allowance for slow moving inventory

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new products or technology by the competitors, expiry dates of products, past trends and both existing and emerging market conditions.

Provision for expected credit losses (ECLs) of trade and other receivables

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 35.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognised by the Group.

CATRION CATERING HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)
At 31 December 2024

2. BASIS OF PREPARATION (Continued)

Employees' defined benefit obligation

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/ Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 20.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Provisions

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

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Zakat

The Group is subject to zakat in accordance with the Regulations of Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the special purpose unconsolidated statement of comprehensive income. Additional zakat liabilities, if any, resulting from the final assessments raised by (the "ZATCA") for previous years are accounted for in the year in which these final assessments are issued.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently, except as mentioned in note 4, in the preparation of these consolidated financial statements:

3.1 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.1 Foreign currencies (continued)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.2 Current versus non-current classification

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

Assets
An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

Liabilities
A liability is current when it is:
- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of 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 its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value. These consolidated financial statements comprising the financial statements the Group and its subsidiaries as set out in note 1. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Group.

3.4 Investment in associates

Associates are enterprises over which the Group exercises significant influence. Investments in associates are initially recognized at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted value or recoverable amount. Equity-accounted value represents the cost plus post-acquisition changes in the Group's share of net assets of the associate (share of the results, reserves and accumulated gains/losses based on latest available financial statements) less impairment, if any. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3.5 Segment reporting

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

Reportable segments	Operations
Inflight	Inflight catering, airline equipment, business lounge and retail ground, onboard and online.
Integrated Hospitality	Remote & Camp management, Business & Industries catering, Laundry services, Hajj and Umrah.

The Board of Directors is the 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 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.

3.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit or loss.

Capital work in progress

Capital work-in-progress represents all costs relating directly and indirectly to the projects in progress and is capitalized as property, plant and equipment when the project is completed.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents carried amount of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land and capital work in progress are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer note 3.10.

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

Buildings & leasehold improvement	2 - 30 years (over shorter of useful life or lease term)
Equipment	3 - 15 years
Motor vehicles	3 - 13 years

3.7 Investment Property

Subsequent to initiate recognition, properties are depreciated over the useful life or lease period whichever is shorter. The Group accounted for investment properties at cost less accumulated depreciation and any accumulated impairment losses.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

Depreciation on assets is charged to the statement of profit or loss and comprehensive income, using the straight-line method over the estimated useful life of investment property which is 18-22 years.

Gains and losses of disposals are determined by comparing proceeds with the carrying amount and are recognized in the statement of profit or loss and other comprehensive income.

The useful lives and methods of depreciation of investment property are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of finance cost and other costs that an entity incurs in connection with the borrowing of funds.

3.9 Leases

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

Group as a lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, Refer to the accounting policies in section 'Impairment of non-financial assets'.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.9 Leases (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned.

3.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.10 Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated assets, is recognised in the consolidated statement of profit or loss as incurred.

Amortisation is calculated on a straight line basis over the estimated useful lives of the assets which is given below.

Category of intangible assets	Useful lives
Software	2.5-5 years

3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average basis and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

The management determines its allowance for inventory obsolescence based upon historical experience, current condition, and current and future expectations with respect to sales.

3.12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand.

3.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through other comprehensive income (OCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. Refer to the accounting policy in note 3.16.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

i) Financial assets (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments) category is relevant to the Group as mentioned below:

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and cash equivalents, trade and other receivables and other financial asset.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

Impairment (continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, lease liabilities, other liabilities, and short term borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost

Financial liabilities at amortised cost category is relevant to the Group as mentioned below:

Financial liabilities at amortised cost

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

iii) Offsetting of financial instruments

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

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.14 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss, except for impairment losses relating to goodwill, is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets, with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.15 Employees' defined benefits obligations

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior years and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss (refer to note 20).

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

3.17 Cash dividend and non-cash distribution to shareholders of the Group

The Group recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Group. As per the by-laws of the Group, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

3.18 Zakat and tax

Zakat

Zakat is provided for in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the consolidated statement of profit of loss. Any differences in the estimations is recorded when the final assessment is approved at which time the provision is adjusted.

Value added tax (VAT)

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Withholding tax

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

3.19 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 'Revenue from contract with customers:

Step 1	Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2	Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

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3. MATERIAL OF ACCOUNTING POLICIES (continued)

3.19 Revenue recognition (continued)

Step 3	Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4	Allocate the transaction price to the performance obligations in the contract: For a contract that has more than on performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5	Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Catering revenue

Revenue from catering and other services is recognized when the services are rendered to the customer.

Airline equipment

Revenue from sale of airline equipment is recognized when the control over the equipment is transferred to the customer.

Business lounges

Revenue from business lounges is recognized upon rendering the service to the passengers.

Sales of goods - Retail

Revenue from the sale of goods is recognized when the Group satisfies the performance obligation by transferring the promised goods (asset) to the customer. An asset is transferred when the customer obtains control of that asset.

Non airlines

Revenue from non-airline catering and other services is recognized when the services are rendered to the customer.

Camp facility

The performance obligation may include catering, accommodation etc. The revenue was recognised when the service are rendered.

Medical ex-gratia

Income is recognized when the Group satisfies the performance obligation as defined in the agreement and is recorded over period of time.

All types of revenue are recorded net of returns, trade discounts and volume rebates (if any).

3.20 Expenses

Cost of revenue

Production costs and direct manufacturing expenses are classified as cost of revenue. This includes raw material, direct labour and other attributable overhead costs.

General and administrative expenses

These pertain to operation expenses which are not directly related to the production of any goods or services. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

Allocation of overheads between cost of revenue and general and administrative expenses, where required, is made on a consistent basis.

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4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Impact of new standards, interpretations and amendments adopted by the Company

The Group applied, for the first time, certain standards and amendments for the annual periods starting from 1 January 2024 or after that date. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

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

4.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. and must be applied retrospectively. The amendments did not have a material impact on the Company as at the date of these financial statements.

4.3 Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

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

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

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5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the reporting date of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretation, if applicable, when they become effective:

5.1 Amendments to IAS 21 - Lack of exchangeability

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

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

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

5.2 IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.

Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

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

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

5.3 IFRS 19 - Subsidiaries without Public Accountability: Disclosures

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

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

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

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6. SEGMENT INFORMATION

Operating segments:

As the operations of the Group are conducted in the Kingdom of Saudi Arabia and Cairo. Business in other countries represent inflight catering and lounge in Cairo Airport which represent 3% of total revenue, accordingly, for management purposes, the Group is organized into business units based on its products and services and has mainly two reportable segments. Information regarding the Group's reportable segments is presented below:

31 December 2024	Inflight Catering	Integrated Hospitality	Total reportable segments	Overheads	Head office	Elimination	Total
External revenue	1,824,032,861	475,226,840	2,299,259,701	-	-	-	**2,299,259,701**
Inter-segment revenue	243,074,077	141,695,424	384,769,501	-	-	(384,769,501)	**-**
Segment revenue	**2,067,106,938**	**616,922,264**	**2,684,029,202**	**-**	**-**	**(384,769,501)**	**2,299,259,701**
Segment profit / (loss) before zakat	557,887,193	34,061,348	591,948,541	(216,235,380)	-	-	**375,713,161**
Depreciation and amortization	64,107,139	8,806,652	72,913,791	35,514,690	-	-	**108,428,481**

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6. SEGMENT INFORMATION (continued)

31 December 2024	Inflight Catering	Integrated Hospitality	Total reportable segments	Overheads	Head office	Elimination	Total
Assets:							
Segment assets	1,132,487,623	732,169,223	1,864,656,846	-	-	-	**1,864,656,846**
Other assets	-	-	-	-	823,181,508	-	**823,181,508**
Total assets	**1,132,487,623**	**732,169,223**	**1,864,656,846**	**-**	**823,181,508**	**-**	**2,687,838,354**
Liabilities:							
Segment liabilities	519,259,885	335,708,840	854,968,725	-	-	-	**854,968,725**
Other liabilities	-	-	-	-	381,053,966	-	**381,053,966**
Total liabilities	**519,259,885**	**335,708,840**	**854,968,725**	**-**	**381,053,966**	**-**	**1,236,022,691**

Revenue from one customer of the Group represented approximately 56% (31 December 2023: 57%) of the Group's total revenue.

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6. SEGMENT INFORMATION (continued)

31 December 2023	Inflight Catering	Integrated Hospitality	Total reportable segments	Overheads	Head office	Elimination	Total
External revenue	1,600,929,366	532,832,932	2,133,762,298	-	-	-	2,133,762,298
Inter-segment revenue	235,486,037	120,315,861	355,801,898	-	-	(355,801,898)	-
Segment revenue	1,836,415,403	653,148,793	2,489,564,196	-	-	(355,801,898)	2,133,762,298
Segment profit / (loss) before zakat	450,488,504	86,712,158	537,200,662	(220,662,922)	-	-	316,537,740
Depreciation and amortization	70,519,024	12,902,840	83,421,864	36,508,451	-	-	119,930,315

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6. SEGMENT INFORMATION (continued)

31 December 2024	Inflight Catering	Integrated Hospitality	Total reportable segments	Overheads	Head office	Elimination	Total
Assets:							
Segment assets	1,397,836,774	199,706,226	1,597,543,000	-	-	-	1,597,543,000
Other assets	-	-	-	-	597,349,031	-	597,349,031
Total assets	1,397,836,774	199,706,226	1,597,543,000	-	597,349,031	-	2,194,892,031
Liabilities:							
Segment liabilities	468,261,621	55,103,696	523,365,317	-	-	-	523,365,317
Other liabilities	-	-	-	-	385,458,250	-	385,458,250
Total liabilities	468,261,621	55,103,696	523,365,317	-	385,458,250	-	908,823,567

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Building & leasehold improvements	Equipment	Motor vehicles	Capital work in progress (note (a))	Total
Cost:						
At 1 January 2024	33,786,058	394,687,033	206,656,576	147,889,049	117,698,714	900,717,430
Additions during the year	-	5,925,779	11,111,862	6,259,440	423,431,740	446,728,821
Disposals during the year	-	(337,538)	(8,611,755)	(290,650)	(891,290)	(10,131,233)
Transfer from capital work in progress	-	10,061,893	14,475,107	515,626	(25,052,626)	-
At 31 December 2024	**33,786,058**	**410,337,167**	**223,631,790**	**154,373,465**	**515,186,538**	**1,337,315,018**
Accumulated depreciation:						
At 1 January 2024	-	215,371,909	166,150,101	104,301,509	-	485,823,519
Charge for the year	-	24,164,190	18,859,535	12,158,928	-	55,182,653
Disposals during the year	-	(326,336)	(8,470,912)	(290,650)	-	(9,087,898)
At 31 December 2024	**-**	**239,209,763**	**176,538,724**	**116,169,787**	**-**	**531,918,274**
Net book value:						
At 31 December 2024	**33,786,058**	**171,127,404**	**47,093,066**	**38,203,678**	**515,186,538**	**805,396,744**

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

a. As of 31 December 2024, the total balance of construction work amounted to 515 million (31 December 2023: 118 million) which represents the construction of Red Sea Project, other civil works and renovations. During the year ended 31 December 2023, the Group signed a memorandum of understanding with Red Sea Group, to provide catering and laundry services for a period of 20 years against which the Group commenced the construction of the Laundry and Catering service units located at the Red Sea waterfront.

b. The amount of borrowing costs capitalized during the year ended 31 December 2024 was 2 million (2023:nil).

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Building & leasehold improvements	Equipment	Motor vehicles	Capital work in progress (note (a))	Total
Cost:						
At 1 January 2023	33,786,058	398,451,671	193,462,944	146,991,087	10,908,514	783,600,274
Additions during the year	-	3,637,710	7,969,438	1,946,927	122,392,868	135,946,943
Disposals during the year	-	(16,033,924)	(1,368,754)	(1,088,189)	-	(18,490,867)
Expensed during the year	-	-	-	-	(338,920)	(338,920)
Transfer from capital work in progress	-	8,631,576	6,592,948	39,224	(15,263,748)	-
At 31 December 2023	33,786,058	394,687,033	206,656,576	147,889,049	117,698,714	900,717,430
Accumulated depreciation:						
At 1 January 2023	-	204,624,665	146,015,036	92,008,893	-	442,648,594
Charge for the year	-	26,720,022	21,157,911	13,380,805	-	61,258,738
Disposals during the year	-	(15,972,778)	(1,022,846)	(1,088,189)	-	(18,083,813)
At 31 December 2023	-	215,371,909	166,150,101	104,301,509	-	485,823,519
Net book value:						
At 31 December 2023	33,786,058	179,315,124	40,506,475	43,587,540	117,698,714	414,893,911

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

b. There are no restrictions on any asset neither any asset has been pledged as security to any party.

c. Depreciation charge for the year has been allocated as follows:

	2024	2023
Cost of revenue (note 26)	**46,672,225**	53,825,795
General and administrative expense (note 28)	**8,510,428**	7,432,943
	55,182,653	61,258,738

8. INVESTMENT PROPERTY

a. The Group's investment property comprises a part of a building owned by the Group which is being leased to a related party in King Fahd Airport, Dammam (note 15 (A "b")).

b. The movement of investment property at 31 December is as follows:

	2024	2023
Cost		
At 1 January	**43,054,931**	43,054,931
At 31 December	**43,054,931**	43,054,931
Accumulated depreciation		
At 1 January	**14,320,356**	12,361,515
Charge for the year (note 28)	**1,958,840**	1,958,841
Balance at 31 December	**16,279,196**	14,320,356
Net Book Value At 31 December	**26,775,735**	28,734,575

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9. INVESTMENTS IN AN ASSOCIATE

The Group has a 40% interest in Saudi French Company for Duty Free Operations and Management ("SFDF"), which is involved in the operations of Duty-Free Concessions at the King Khalid International Airport, Riyadh, King Fahd International Airport, Dammam and King Abdul Aziz International Airport, Jeddah. Saudi French Company for Duty Free Operations and Management is a private entity that is not listed on any public exchange. The following table illustrates the summarised financial information of the Group's investment in SFDF:

a. The balances of the investment in associate as at 31 December 2024 and 31 December 2023 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		2024	2023	**2024**	2023
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	**40%**	40%	**43,338,366**	36,954,874

b. Below is the summary of the financial information of the associate as at 31 December 2024 and 31 December 2023:

i) Share in net assets	**2024**	2023
Non-current assets	**281,392,626**	40,659,145
Current assets	**200,227,429**	159,866,930
Total assets	**481,620,055**	200,526,075
Non-current liabilities	**145,369,745**	10,565,810
Current liabilities	**230,823,574**	100,492,258
Total liabilities	**376,193,319**	111,058,068
Net assets	**105,426,736**	89,468,007
Group's share in net assets	**42,170,695**	35,787,203
Adjustment to acquisition price	**1,167,671**	1,167,671
	43,338,366	36,954,874

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9. INVESTMENTS IN AN ASSOCIATE (continued)

Share in profit	2024	2023
Revenue	**653,672,665**	551,783,803
Net income for the year	**29,146,729**	39,784,378
Other comprehensive loss	**(688,000)**	(1,255,000)
Group's share of net income for the year (at 40%)	**11,658,692**	15,913,751
Group's share of other comprehensive loss of an associate (at 40%)	**(275,200)**	(502,000)
Group's share of results for the year	**11,383,492**	15,411,751

The associate had no contingent liabilities or capital commitments as at 31 December 2024 and 2023.

c. The movement in investment in associate for the year is as follows:

	2024	2023
At 1 January	**36,954,874**	21,543,123
Group's share of results in an associate	**11,383,492**	15,411,751
Dividend received from associate	**(5,000,000)**	-
At 31 December	**43,338,366**	36,954,874

10. MARGIN DEPOSIT

Margin deposit represents deposit at the banks to obtain letter of guarantees and promises from the banks to meet any financial obligations to the suppliers with a term ending more than 12 months. As at 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
Margin deposits – non-current portion (note 33)	**4,230,000**	4,230,000

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11. INVENTORIES

	2024	2023
Catering items	**54,266,464**	47,108,542
Retail items	**37,050,550**	41,748,503
Spare parts	**12,306,587**	10,199,261
Packing and other materials	**11,938,831**	12,020,531
	115,562,432	111,076,837
Less: allowance for slow moving and obsolete inventories	**(30,984,938)**	(33,886,524)
	84,577,494	77,190,313

The movements in allowance for slow moving and obsolete inventories for the year were given below:

	2024	2023
At 1 January	**33,886,524**	39,249,504
Reversed during the year	**(2,901,586)**	(5,362,980)
At 31 December	**30,984,938**	33,886,524

Cost of inventories recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 amounted to 875,958,231 (31 December 2023: 756,818,145) (note 26).

12. TRADE AND UNBILLED RECEIVABLES

	2024	2023
Trade receivables - Due from related parties (note 24)	**449,552,045**	299,683,331
Trade receivables – Others	**326,063,045**	401,794,012
Unbilled receivables (note c below)	**72,471,244**	49,397,454
	848,086,334	750,874,797
Less: allowance for expected credit losses (note e below)	**(131,977,044)**	(149,376,270)
	716,109,290	601,498,527

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 24).

b. As at 31 December 2024, approximately 68% of the Group's trade receivable's balance was due from various governmental and semi-government entities (31 December 2023: 60%).

c. Unbilled receivables represent billing not yet approved by customers. As at 31 December 2024 and 31 December 2023 the unbilled receivables balances was having an aging of less than one year.

d. The ageing analysis of trade receivable is as follows:

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12. TRADE AND UNBILLED RECEIVABLES (continued)

	Up to three months	Above three and up to six months	Above six months	Total
31 December 2024	**590,129,418**	**63,600,342**	**194,356,574**	**848,086,334**
31 December 2023	488,770,396	61,127,620	200,976,781	750,874,797

e. The movements in allowance for expected credit losses for the year were given below:

	2024	2023
At 1 January	**149,376,270**	148,413,824
(Reversal) / charge during the year	**(98,697)**	1,274,113
Written off during the year	**(17,300,529)**	(311,667)
At 31 December	**131,977,044**	149,376,270

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

13. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
Advances to suppliers	**81,447,950**	45,903,161
Prepayments	**42,636,725**	29,240,906
VAT input	**25,848,868**	4,509,326
Margin deposits with banks – current portion (note 33)	**2,774,208**	2,827,100
Advances to employees	**1,537,822**	1,432,586
Other receivable	**1,612,317**	2,385,783
	155,857,890	86,298,862

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14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for certain buildings used for the purpose of staff accommodation and operating clinics. The movement in right-of-use assets and lease liability for the year is as follows:

A. Group as a lessor

a. Operating Leases

The Group has entered into operating leases on its investment property consisting of accommodation building (see Note 8). The management has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

b. Leases receivables

The Group sub-leases asset, AM1 Building in King Khalid International Airport in Riyadh. The management has classified this lease as finance lease.

Movement in leases receivables during the year is as follows:

	2024	2023
Net lease receivables at the beginning of the year	**5,767,746**	19,248,835
Finance income (note 30)	**206,594**	412,884
Modification	**-**	(2,250,729)
Payments received during the year	**(733,248)**	(11,643,244)
Net lease receivable at end of the year	**5,241,092**	5,767,746
Less: Current portion of net lease receivables	**(5,241,092)**	(4,777,598)
Non-Current portion of net lease receivables	**-**	990,148

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14. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

B. Group as a lessee

a. Right -of-use assets

The movements in right-of-use assets for the year is as follows:

	Commercial Building Lease	Land Lease	Residential Lease	Vehicles Lease	Total
Cost:					
At 1 January 2024	447,488,787	57,898,037	23,838,365	14,763,450	543,988,639
Additions (see note (i) below)	25,940,759	-	1,576,524	-	27,517,283
At 31 December 2024	**473,429,546**	**57,898,037**	**25,414,889**	**14,763,450**	**571,505,922**
Accumulated depreciation:					
At 1 January 2024	263,383,136	12,087,328	18,773,573	14,763,450	309,007,487
Charge for the year	48,045,729	2,417,466	812,903	-	51,276,098
At 31 December 2024	**311,428,865**	**14,504,794**	**19,586,476**	**14,763,450**	**360,283,585**
Net book value:					
At 31 December 2024	**162,000,681**	**43,393,243**	**5,828,413**	**-**	**211,222,337**

(i) During the year ended on 31 December 2024, the company entered into new contracts for a New Office in Riyadh, an accommodatio lease in Dammam and a new lounge in Dammam Airport. The maturity analysis of lease liabilities is disclosed in note 35.

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14. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

B. Group as a lessee (continued)

a. Right -of-use assets (continued)

	Commercial Building Lease	Land Lease	Residential Lease	Vehicles Lease	Total
Cost:					
At 1 January 2023	450,353,468	59,814,366	44,839,680	14,763,450	569,770,964
Additions	45,355,425	-	-	-	45,355,425
Lease modifications	-	-	(12,399,971)	-	(12,399,971)
Terminations	(48,220,106)	(1,916,329)	(8,601,344)	-	(58,737,779)
At 31 December 2023	447,488,787	57,898,037	23,838,365	14,763,450	543,988,639
Accumulated depreciation:					
At 1 January 2023	251,964,777	11,031,342	24,867,194	14,763,450	302,626,763
Charge for the year	49,621,358	2,672,743	4,392,500	-	56,686,601
Lease modifications	-	-	(3,050,975)	-	(3,050,975)
Terminations	(38,202,999)	(1,616,757)	(7,435,146)	-	(47,254,902)
At 31 December 2023	263,383,136	12,087,328	18,773,573	14,763,450	309,007,487
Net book value:					
At 31 December 2023	184,105,651	45,810,709	5,064,792	-	234,981,152

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14. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

b. Lease Liabilities
The movements in lease liability for the year were as follows:

	2024	2023
Lease liabilities		
At the beginning of the year	**244,703,303**	307,370,093
Additions to lease liabilities during the year	**27,517,283**	45,355,425
Interest expense for the year (note 31)	**12,903,006**	13,606,546
Lease modification	**-**	(14,640,248)
Related to terminated contract	**-**	(29,466,525)
Payments made during the year	**(67,564,114)**	(77,521,988)
At the end of the year	**217,559,478**	244,703,303
Less: Current portion of lease liabilities	**(52,081,833)**	(94,447,407)
Non-Current portion of lease liabilities	**165,477,645**	150,255,896

c. Depreciation charged on right of use assets have been allocated as follows:

	2024	2023
Cost of revenue (note 26)	**45,790,953**	51,382,392
General and administrative expense (note 28)	**5,485,145**	5,304,209
	51,276,098	56,686,601

d. The following are the amounts recognised in the statement of profit or loss and comprehensive income:

	2024	2023
Depreciation on right of use assets	**51,276,098**	56,686,601
Interest expense on lease liabilities (note 32)	**12,903,006**	13,606,546
Expense relating to short term leases (included in cost of revenue)	**66,714,171**	62,641,300
Gain on de-recognition of lease liability	**-**	(16,066,644)
	130,893,275	116,867,803

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15. CASH AND CASH EQUIVALENTS

	2024	2023
Cash at bank	**311,244,325**	325,449,311
Mudarba deposit (note b below)	**320,000,000**	376,577,500
Cash on hand	**54,317**	429,370
	631,298,642	702,456,181

a. The cash is held in accounts with banks having sound credit ratings. The fair value of bank balances and cash equivalent approximates the carrying value at 31 December 2024 and 31 December 2023.

b. Unrestricted Mudarba deposit represent deposit placed in Mudarba contracts with commercial banks having original maturity of three months and yielding profit at prevailing interest rates.

c. Cash and cash equivalents as at 31 December 2024 include 2.61 million (31 December 2023: 2.73) earmarked in dividend accounts. Such accounts are subject to regulatory restrictions and are therefore not available for general use by the Group.

16. SHARE CAPITAL

As at the statement of financial position date, the authorized, issued and fully paid share capital is 820 million (2023: 820 million) which is divided into 82 million shares (2023: 82 million shares) of 10 par value each (2023: 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 are as follows:

31 December 2024:

Name of Shareholders	Number of shares	Value in	Percentage Holding %
Saudi Arabian Airlines Corporation	**29,274,000**	**292,740,000**	**35.7%**
Abdulmohsen Alhokair Group for Tourism and Development	**4,711,256**	**47,112,560**	**5.7%**
General public	**48,014,744**	**480,147,440**	**58.6%**
	82,000,000	**820,000,000**	**100%**

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16. SHARE CAPITAL (continued)

31 December 2023:

Name of Shareholders	Number of shares	Value in	Percentage Holding %
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7%
Abdulmohsen Alhokair Group for Tourism and Development	6,711,256	67,112,560	8.2%
General public	46,014,744	460,147,440	56.1%
	82,000,000	820,000,000	100%

17. STATUTORY RESERVE

In accordance with the previous Company's By-laws, the Company is required to maintain a statutory reserve equal to a maximum of 30% of its share capital. According to the latest update in the Regulations for Companies in the Kingdom of Saudi Arabia, the mandatory statutory reserve requirement had been abolished.

In pursuant to this change, extraordinary general meeting ("EGA") approved in its meeting on 27 Rabi-Awwal 1445H (corresponding to 12 October 2023) the amendment of the Company's Bylaws in accordance with the new Companies Law which became effective as at 19 January 2023.

18. DIVIDENDS

On 21 March 2024, and in its issued resolution, the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the second half of the fiscal year 2023 which amounted to 90.2 million at 1.1 per share for the period ended 31 March 2024. The distribution date was 24 April 2024 (22 March 2023: 41 million at 0.5 per share).

On 4 August 2024, the Company announces its Board of Directors resolution issued for approval of distribution of cash dividends to the shareholders for the first half of the fiscal year for the period ended 30 June 2024 amounting to 94.3 million at 1.15 per share. (1 August 2023: 82 million at 1 per share)

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19. LOANS AND BORROWINGS

During the year ended 31 December 2024, the Group has entered into a revolving facility agreement with Commercial Bank under the names of its subsidiaries. CATRION Commercial Laundry LLC has a total facility of 403 million, out of which 124 million is utilised, and CATRION Catering Services LLC has a total facility of 204 million, out of which 38 million is utilised.

The facilities were secured by a promissory note to meet the Group's working capital requirements as well as the expenditures over the Red Sea Projects. The first repayment is scheduled for October 2025 and will be paid over a period of 15 years.

Further, the loan carries an interest rate of SIBOR + fixed interest rate, with interest accrued and paid based on monthly invoicing from the bank.

	2024	2023
Total loans drawn	**161,444,596**	-
Current portion	**(4,154,218)**	-
Non-current portion	**157,290,378**	-

20. EMPLOYEES' DEFINED BENEFITS OBLIGATION

The Company operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the applicable local laws. The movement in defined benefits for the year ended is as follows:

	2024	2023
Balance at the beginning of the year	**164,848,553**	165,219,221
Included in statement of profit or loss		
Current service cost	**22,770,506**	18,921,529
Interest cost (included in employee cost)	**7,233,015**	6,491,585
	30,003,521	25,413,114
Included in statement of other comprehensive income		
Re-measurement loss / (gain) on defined benefit obligation	**2,522,909**	(6,484,581)
Benefits paid	**(27,206,891)**	(19,299,201)
Balance at the end of the year	**170,168,092**	164,848,553

The defined benefit plan is exposed to various actuarial risks, the most significant of which are final salary risk, discount / interest rate fluctuation risk, longevity risk and inflation risk.

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20. EMPLOYEES' DEFINED BENEFITS OBLIGATION (continued)

Actuarial assumptions

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

	2024	2023
Discount rate	**6%**	5%
Future salary growth / expected rate of salary increases	**2.6%**	2%
Employee turnover / withdrawal rates	**Moderate**	Moderate
Retirement age	**60 years**	60 years
Average duration of defined benefit obligation	**7.56 years**	6.80 years

Sensitivity analysis

The sensitivity analyses presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

The quantitative sensitivity analysis for principal assumptions is as follows:

31 December 2024	Change in assumption by	Increase to	Decrease to
Discount rate	**1%**	**182,082,860**	**156,675,225**
Future salary growth / expected rate of salary increases	**1%**	**183,286,120**	**155,449,670**
31 December 2023			
Discount rate	1%	176,612,148	154,538,472
Future salary growth / expected rate of salary increases	1%	177,714,792	153,403,492

The following are the expected payments or contributions to the employees in future years:

	2024	2023
Within the next 12 months (next annual reporting year)	**31,612,921**	28,344,542
Between 2 and 5 years	**53,861,728**	58,991,280
Between 6 and 10 years	**55,767,129**	57,135,725
Beyond 10 years	**141,370,578**	95,570,708

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21. LONG-TERM BONUS

Long term bonus includes bonus paid to the Key Management on a cycle of 3 years, and not paid on annual basis. The movement in long term bonus during 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
Opening balance	**11,700,000**	8,125,254
Accrued during the year	**8,205,000**	3,574,746
Re-classified to short term bonus	**(16,188,211)**	-
Closing balance	**3,716,789**	11,700,000

22. TRADE AND OTHER PAYABLES

	2024	2023
Accrued expenses	**324,492,905**	258,528,771
Trade payables – third parties	**282,668,499**	155,237,106
Employee related accruals	**53,181,238**	45,433,737
Dividend payable	**2,613,538**	2,729,578
Trade payables – a related party (note 24)	**195,500**	113,990
	663,151,680	462,043,182

23. ZAKAT

The Company and its subsidiaries files the zakat returns on an individual basis.

	2024	2023
Zakat payable	**24,796,532**	32,655,727
Advance income tax relating to foreign shareholding	**(4,814,476)**	(7,127,198)
Net zakat payable	**19,982,056**	25,528,529

a) Zakat provision:

Movement in Zakat provision is as follows:

	2024	2023
Balance at beginning of the year	**32,655,727**	28,777,772
Charge for the year (note i below)	**22,943,053**	33,880,036
Payments during the year	**(30,802,248)**	(30,002,081)
Balance at 31 December	**24,796,532**	32,655,727

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23. ZAKAT (continued)

a) Zakat provision (continued)

i) Charge of the year ended 31 December 2024, and 31 December 2023 is as follows:

	2024	2023
Zakat charge for the year	**22,943,053**	32,655,727
Adjustments	**-**	1,224,309
Total Zakat charge for the year	**22,943,053**	33,880,036

b) Zakat assessments status

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

The Parent Company:
From inception year to the year ended 31 December 2022:
The Zakat, Tax and Custom Authority ("ZATCA") has finalized its Zakat inspection on the Company's accounts from inception year to the year ended 31 December 2022. The Company has diligently fulfilled its obligations by successfully settling the corresponding invoices and cleared its Zakat position till the mentioned year.

For the year ended 31 December 2023:
The Company has filed its Zakat return for the fiscal year ended 31 December 2023 and obtained related Zakat certificate. ZATCA has finalized the study of the mentioned year and assessment was issued with no additional liability.

The Subsidiaries:

CATRION For Catering Company
The subsidiary has submitted its Zakat declarations up to the year ended 31 December 2023 and obtained the unrestricted Zakat certificate valid until 30 April 2025.

CATRION Laundry Trading Company

The subsidiary's first financial year is a short year, commencing on the inception date of 22 June 2023. The Company submitted its first Zakat declaration for the first period ended 31 December 2023 and obtained the unrestricted Zakat certificate valid until 30 April 2025

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24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management. The Company operates in an economic regime whereby there are various entities that are directly or indirectly controlled by the Government of Kingdom of Saudi Arabia through its government authorities, affiliations and other organizations, collectively referred to as government-related entities. The Company applies exemption in IAS 24. Related Party Disclosures that allows to present reduced related party disclosures regarding transactions with government related parties.

Following is the list of related parties and their transactions and the relationship with the Company.

Related Parties:	Relationship
Saudi Arabian Airlines Corporation	Major shareholder
Saudi Ground Services	Affiliate
Saudi Airlines Cargo Company	Affiliate
Saudi Airlines Real Estate Development Company	Affiliate
Saudi Private Aviation	Affiliate
Saudia Royal Fleet	Affiliate
Saudia Aerospace Engineering Industries	Affiliate
Flyadeal Airlines Company	Affiliate
Prince Sultan Aviation Academy	Affiliate
Al Salam Aircraft Company	Affiliate
SAL Saudi Logistics Services Company	Affiliate
Saudi French Company for Duty Free Operations and Management	Associate

Significant transactions with related parties in the ordinary course of business arise mainly from services provided / received, supply of meals, and various business arrangements and are undertaken at approved contractual terms. Significant balance and transactions arising from related parties are summarized below.

a) Due from related parties - significant transactions and balances under trade receivables:

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

Relationship	Nature of transactions	2024	2023
Major shareholder	Sale of goods and services	**1,793,045,730**	1,579,498,796
	Services provided	**745,814**	2,040,663
Affiliates	Sale of goods and services	**152,475,888**	143,591,527
	Services provided	**6,543,983**	9,723,987
Associate	Sale of goods and services	**7,526,852**	7,131,112

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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Due from related parties - significant transactions and balances under trade receivables (continued)

ii) Due from related parties are as follows (note 12):

	2024	2023
Saudi Arabian Airlines Corporation	**397,202,113**	231,652,733
Saudia Aerospace Engineering Industries	**17,384,088**	9,973,570
Saudi Ground Services Company	**16,458,008**	21,911,720
Saudia Royal Fleet	**8,175,350**	21,875,274
Flyadeal Airlines Company	**4,548,140**	2,835,303
Saudi Private Aviation	**3,711,951**	8,180,216
Saudi Airlines Cargo Company	**1,307,660**	1,822,441
Saudi French Company for Duty Free Operations and Management	**647,035**	699,030
Prince Sultan Aviation Academy	**72,789**	50,073
Saudi Airlines Real Estate Development Company	**37,260**	-
SAL Saudi Logistics Services Company	**7,651**	-
Al Salam Aircraft Company	**-**	682,971
	449,552,045	299,683,331

iii) Due to a related party is as follows (note 22):

	2024	2023
Saudi Arabian Airlines Corporation	**-**	113,990
Saudi Airlines Real Estate Development Company	**195,500**	-
	195,500	113,990

Terms and conditions of transactions with related parties

Outstanding balances at the year-end 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 year ended 31 December 2024 and 2023, the amounts owed by related parties are not impaired.

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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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:

	2024	2023
Short-term employee benefits	**6,991,372**	7,032,684
Termination benefits	**97,200**	89,100
Employees' defined benefit liabilities	**361,439**	548,989
Key management bonus	**3,300,000**	2,800,000
	10,750,011	10,470,773

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

25. REVENUE

	2024	2023
In-flight catering	**1,501,065,980**	1,329,486,159
Non-airlines	**467,144,803**	531,574,545
Business lounge	**276,272,578**	222,016,068
Retail revenue	**39,662,647**	45,723,220
Other operating revenues	**15,113,693**	4,962,306
	2,299,259,701	2,133,762,298

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26. COST OF REVENUE

	2024	2023
Cost of materials and goods	**875,958,231**	756,818,145
Employees costs	**385,799,466**	383,319,112
Rent and maintenance of production units	**78,363,874**	69,086,497
Manpower and transportation cost	**69,259,750**	66,596,225
Supplies and expandable items	**60,007,202**	60,608,647
Depreciation on property, plant and equipment (note 7 (d))	**46,672,225**	53,825,795
Depreciation on right-of-use assets (note 14 (B “c”))	**45,790,953**	51,382,392
Communication and utilities	**21,861,614**	26,311,670
Other operational costs	**73,937,662**	99,821,310
	1,657,650,977	1,567,769,793

27. OTHER INCOME

	2024	2023
Foreign currency exchange gain	**5,580,689**	2,721,517
Management fee income	**6,545,089**	6,200,968
Medical ex-gratia income	**2,800,000**	2,400,000
Gain on de-recognition of lease liability	**-**	16,066,644
Scrap sales	**1,309,216**	-
Others	**2,911,913**	2,105,234
	19,146,907	29,494,363

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28. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employees costs	**195,926,967**	175,393,767
IT, maintenance and other services	**29,908,200**	37,696,467
Professional and technical fee	**10,087,670**	7,106,941
Travelling	**9,909,437**	8,809,433
Depreciation on property, plant and equipment (note 7 (d))	**8,510,428**	7,432,943
Board of Directors' remuneration	**6,492,937**	6,281,545
Utilities	**6,490,118**	5,656,300
Depreciation on right-of-use assets (note 14 (B "c"))	**5,485,145**	5,304,209
Insurance	**3,982,305**	4,127,648
Marketing and promotional	**2,340,741**	16,114,348
Depreciation on investment property (note 8)	**1,958,840**	1,958,841
Amortization of intangible assets	**10,890**	26,135
Others	**17,389,478**	12,514,691
	298,493,156	288,423,268

29. OTHER EXPENSES

	2024	2023
Banks commission	**1,692,611**	1,420,927
Loss on disposal of property, plant and equipment	**152,045**	-
	1,844,656	1,420,927

30. FINANCE INCOME

	2024	2023
Finance income on Mudarba deposit	**23,742,580**	16,442,676
Finance income on lease receivables (note 14 (A "b"))	**206,594**	412,884
	23,949,174	16,855,560

31. FINANCE COSTS

	2024	2023
Interest from lease liabilities (note 14 (B "b"))	**12,903,006**	13,606,546
Interest on employees' end-of-service benefits (note 20)	**7,233,015**	6,491,585
	20,136,021	20,098,131

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32. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") is calculated by dividing the income for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.

The following table reflects the income for the year attributable to ordinary equity holders and weighted average number of ordinary share outstanding during the year used in the basic and diluted EPS computations:

Basic and diluted earnings per share from total income.

	2024	2023
Profit for the year attributable to the shareholders of the Group	**352,770,108**	282,657,704
Weighted average number of ordinary shares for the purposes of basic and diluted earnings	**82,000,000**	82,000,000
Basic and diluted earnings per share based on profit for the year attributable to shareholders of the Group (in)	**4.30**	3.45

33. COMMITMENTS AND CONTINGENCIES

As at 31 December 2024 and 31 December 2023, the Group had the following commitments, letter of guarantees and contingencies:

	2024	2023
Capital commitments	**105,821,964**	67,385,867
Letter of guarantees (refer to note below)	**135,034,136**	56,731,881

On 31 December 2024, the Group had outstanding letters of guarantee amounting to 135.0 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2023: 56.7 million) with cash margin deposit amounting to 7.0 million (31 December 2023: 7.1 million).

Vendors and ex-employees have commenced an action against the Group in respect of individual and commercial claimed to be defective. If successful, the action could result in an estimated payable amount of 0.9 million.

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34. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred. During the year ended 31 December 2023, there were no movements between the levels.

As at 31 December 2024 and 31 December 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

The Group's principal financial assets include trade and other receivables, due form related parties and cash and bank balances.

The Group's principal financial liabilities comprise trade and other payables, lease liabilities and due to related parties. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commission rate risk, currency risk and other price risk. Financial instruments affected by market risk.

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates may relate primarily to The Group's bank borrowings with floating commission rates. The Group's manages the commission rate risk by regularly monitoring the commission rate profiles of its commission bearing financial instruments.

As at the reporting date, the Group has Mudarba term deposit with a bank at a fixed commission rate and does not have any Mudarba term deposits with banks at floating commission rates.

Currency risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk.

Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
Financial assets		
Balances with banks	**631,244,325**	702,026,811
Trade receivables	**326,063,045**	401,794,012
Due from related parties	**449,552,045**	299,683,331
Unbilled receivables	**72,471,244**	49,397,454
Margin deposits with banks	**7,004,208**	7,057,100
Leases receivables	**5,241,092**	5,767,746
	1,491,575,959	1,465,726,454

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound counter party risk rating ranging from B to A+ based on Fitch credit rating. All bank balances are held with banks within Saudi Arabia and Cairo.
- The Group currently does not obtain security / collateral from its customers.

Trade receivables

Credit risk is managed subject to the Group's established policy, procedures and control defined to mitigate the credit risk. Receivables of the Group comprise primarily of Government and its related ministries, and others companies. The Group seeks to manage its credit risk by setting credit limits, credit period by monitoring outstanding receivables and ensuring close follow-ups.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The credit terms are extended to customers where the Group does not expect any inability to pay.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Short-term deposits with banks and cash at banks

Credit risk from balances with banks and financial institution is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks. At the reporting date, no significant concentration of credit risk were identified by the management.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Group maintains sufficient liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has established a robust mechanism for its cash management ensuring the best use of available cash resources. This requires organising the collection and disbursement systems in such a way as to maximise the investment of idle funds through time deposits and short-term deposits while limiting the borrowings of funds and ensuring availability of the facilities to run its operations. The Group's terms of services require amounts to be paid within 90 days of the date of submitting the invoice. Trade payables are normally settled within 90 to 120 days of the date of purchase.

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (Continued)

The table below summarizes the maturities of the Group's financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

As at 31 December 2024	Up to 12 months	One to five years	More than five years	Total
Trade payables	282,863,999	-	-	**282,863,999**
Lease liabilities	71,486,500	149,768,120	63,566,410	**284,821,030**
Accruals and other liabilities	324,492,905	-	-	**324,492,905**
Loans and borrowings	4,154,218	44,017,187	113,273,191	**161,444,596**
	682,997,622	**193,785,307**	**176,839,601**	**1,053,622,530**

As at 31 December 2023	Up to 12 months	One to five years	More than five years	Total
Trade payables	155,351,096	-	-	155,351,096
Lease liabilities	106,115,566	147,962,285	49,180,556	303,258,407
Accruals and other liabilities	258,528,771	-	-	258,528,771
	519,995,433	147,962,285	49,180,556	717,138,274

36. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders.
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

The Group informally monitors capital using a gearing ratio, which is 'net debt' divided by total capital. The Group includes within net debt total liabilities less cash and bank balances.

	2024	2023
Total liabilities	**1,236,022,691**	908,823,567
Less: cash and cash equivalents	**(631,298,642)**	(702,456,181)
Net debt	**604,724,049**	206,367,386
Total capital	**1,451,815,663**	1,286,068,464
Gearing ratio	**42%**	16%

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved for issuance by the Board of Directors on 23 March 2025 G corresponding to (23 Ramadan 1446 H).