

**CATRION CATERING HOLDING COMPANY
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2023**

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended 30 September 2023

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CATRION CATERING HOLDING COMPANY (Formerly known as The SAUDI AIRLINES CATERING COMPANY) (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of CATRION Catering Holding Company (formerly known as The Saudi Airlines Catering Company) (A Saudi Joint Stock Company) (the "Company" or the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at 30 September 2023 and the related interim condensed consolidated statement of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2023, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Board Of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

for Ernst & Young Professional Services

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

Jeddah: 06 November 2023
22 Rabie Al-Thani 1445H



CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2023

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 SR (Unaudited)	2022 SR (Unaudited)	2023 SR (Unaudited)	2022 SR (Unaudited)
Revenues	4	565,970,910	501,959,256	1,584,632,827	1,310,013,029
Cost of sales	5	(409,703,472)	(354,260,259)	(1,160,832,788)	(946,357,773)
GROSS PROFIT		156,267,438	147,698,997	423,800,039	363,655,256
Other income		20,051,441	2,379,355	26,466,025	6,757,363
General and administrative expenses		(72,545,413)	(63,652,312)	(211,420,573)	(180,852,295)
Allowance for expected credit losses	10	(7,654,431)	(2,104,591)	(8,274,113)	(2,716,309)
Other expenses		(139,329)	(124,408)	(1,037,515)	(1,108,429)
TOTAL OPERATING PROFIT		95,979,706	84,197,041	229,533,863	185,735,586
Finance income		5,009,850	113,024	11,598,459	356,555
Finance cost		(4,994,846)	(5,226,520)	(15,086,995)	(15,959,459)
Share of results from investment in associate	9	4,384,299	-	13,924,733	-
PROFIT BEFORE ZAKAT		100,379,009	79,083,545	239,970,060	170,132,682
Zakat expense	14	(8,030,947)	(7,835,635)	(26,762,636)	(20,109,127)
NET PROFIT FOR THE PERIOD		92,348,062	71,247,910	213,207,424	150,023,555
Other comprehensive income		-	-	1,660,983	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		92,348,062	71,247,910	214,868,407	150,023,555
Basic and diluted earnings per share (SR per share)	6	1.13	0.87	2.60	1.83



Chief Financial Officer



Chief Executive Officer



Board Member

The attached notes 1 to 19 form part of these unaudited interim condensed consolidated financial statements.

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		<i>30 September</i> 2023 SR (Unaudited)	<i>31 December</i> 2022 SR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	348,903,057	340,951,680
Right-of-use assets	8	227,087,550	267,144,201
Leases receivables – non-current portion	8	1,736,971	3,790,102
Intangible assets		17,424	37,025
Investment property		29,224,286	30,693,416
Advance against investment in shares		1,875,000	1,875,000
Margin deposit		4,230,000	4,230,000
Investment in associate	9	35,467,856	21,543,123
TOTAL NON-CURRENT ASSETS		648,542,144	670,264,547
CURRENT ASSETS			
Inventories		78,578,635	61,522,406
Leases receivables - current portion	8	5,122,904	15,458,733
Trade receivables	10	839,254,921	798,917,472
Prepayments and other receivables		128,959,301	67,789,643
Cash and cash equivalents		415,457,761	417,242,028
TOTAL CURRENT ASSETS		1,467,373,522	1,360,930,282
TOTAL ASSETS		2,115,915,666	2,031,194,829
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	820,000,000	820,000,000
Statutory reserve	12	246,000,000	246,000,000
Retained earnings		145,794,586	53,926,179
TOTAL SHAREHOLDERS' EQUITY		1,211,794,586	1,119,926,179
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	8	143,443,232	175,320,591
Employees' defined benefits obligation		164,074,311	165,219,221
Long-term bonus		11,530,113	8,125,254
TOTAL NON-CURRENT LIABILITIES		319,047,656	348,665,066
CURRENT LIABILITIES			
Trade and other payables	15	451,049,678	408,903,508
Lease liabilities – current portion	8	115,612,617	132,049,502
Zakat liabilities	14	18,411,129	21,650,574
TOTAL CURRENT LIABILITIES		585,073,424	562,603,584
TOTAL LIABILITIES		904,121,080	911,268,650
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,115,915,666	2,031,194,829



Chief Financial Officer



Chief Executive Officer



Board Member

The attached notes 1 to 19 form part of these unaudited interim condensed consolidated financial statements.

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2023

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings / (Accumulated losses) SR</i>	<i>Total SR</i>
Balance as at 1 January 2022 (audited)	820,000,000	246,000,000	(193,481,256)	872,518,744
Net profit for the period	-	-	150,023,555	150,023,555
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	150,023,555	150,023,555
At 30 September 2022 (Unaudited)	<u>820,000,000</u>	<u>246,000,000</u>	<u>(43,457,701)</u>	<u>1,022,542,299</u>
Balance as at 1 January 2023 (audited)	820,000,000	246,000,000	53,926,179	1,119,926,179
Net profit for the period	-	-	213,207,424	213,207,424
Other comprehensive income	-	-	1,660,983	1,660,983
Total comprehensive income for the period	-	-	214,868,407	214,868,407
Dividends declared (note 13)	-	-	(123,000,000)	(123,000,000)
At 30 September 2023 (Unaudited)	<u>820,000,000</u>	<u>246,000,000</u>	<u>145,794,586</u>	<u>1,211,794,586</u>

Chief Financial Officer

Chief Executive Officer

Board Member

The attached notes 1 to 19 form part of these unaudited interim condensed consolidated financial statements.

**CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)**

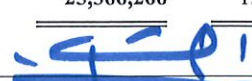
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2023

		<i>For the nine-month period ended</i>	
		<i>30 September</i>	
		<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>
OPERATING ACTIVITIES	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before zakat		239,970,060	170,132,682
<i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i>			
Depreciation on Property, plant and equipment	7	46,767,814	61,619,642
Depreciation on investment in property		1,469,130	1,469,131
Depreciation on right-of-use assets	8	44,591,046	60,229,571
Amortization of intangible assets		19,601	387,126
Work in progress expensed during the period	7	333,920	376,229
Provision for expected credit losses	10	8,274,113	2,716,309
(Reversal of provision) / provision for slow-moving inventory, net		(2,901,558)	1,146,650
Finance income		(11,598,459)	(356,555)
Finance cost		15,086,995	15,959,459
(Gain) / loss on sale of Property, plant and equipment		(1,334,885)	16,148
Share of results from an associate	9	(13,924,733)	-
Provision for employees' defined benefits obligation		16,744,389	10,326,660
Gain on termination and modification of leases		(16,066,644)	-
Modification on lease receivables		2,250,729	-
Long-term bonus		6,075,000	6,075,000
		<u>335,756,518</u>	<u>330,098,052</u>
<i>Changes in operating assets and liabilities:</i>			
Inventories		(14,154,671)	(7,947,771)
Trade receivables		(48,611,562)	(127,274,059)
Prepayments and other receivables		(61,169,658)	(3,463,449)
Trade and other payables		43,059,834	63,254,880
Cash generated from operations		<u>254,880,461</u>	<u>254,667,653</u>
Payment of long-term bonus		-	(7,474,746)
Employees' defined benefits obligation paid		(21,101,423)	(8,379,361)
Zakat paid	14	(30,002,081)	(20,015,464)
Net cash generated from operating activities		<u>203,776,957</u>	<u>218,798,082</u>
INVESTING ACTIVITIES			
Purchase of Property, plant and equipment	7	(55,457,395)	(11,463,793)
Payment received for lease receivable	8	10,474,463	-
Advance against investment in shares		-	(1,875,000)
Proceeds from disposal of Property, plant and equipment		1,739,169	-
Net cash used in investing activities		<u>(43,243,763)</u>	<u>(13,338,793)</u>
FINANCING ACTIVITIES			
Payments of lease liabilities	8	(39,787,624)	(43,941,777)
Dividends paid		(122,529,837)	(16,081)
Net cash used in financing activities		<u>(162,317,461)</u>	<u>(43,957,858)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(1,784,267)</u>	<u>161,501,431</u>
Cash and cash equivalents at the beginning of the period		417,242,028	176,462,367
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>415,457,761</u>	<u>337,963,798</u>
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION:			
Addition to right-of-use assets	8	25,366,266	15,703,780


Chief Financial Officer


Chief Executive Officer


Board Member

The attached notes 1 to 19 form part of these unaudited interim condensed consolidated financial statements.

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY) (FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023

1. ORGANIZATION AND ACTIVITIES

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

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

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

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

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

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

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

The registered head office of the Parent Company is:

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

The Company has changed its name from Saudi Airlines Catering Company to CATRION Catering Holding Company. All legal formalities were completed subsequent to the period end in relation to change of the name of the Company. Please see (note 18).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three-month and nine-month periods ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”) and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 September 2023

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. In addition, results for the interim period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023 (see also note 2.4)

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Significant accounting judgments, estimates and assumptions

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

2.5 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted and methods of computation used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Standard, interpretation, amendments	Description	Effective date
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after 01 January 2023.
Definition of Accounting Estimates - Amendments to IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.	Annual periods beginning on or after 01 January 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 01 January 2023.

**CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 September 2023

2. BASIS OF PREPARATION (continued)

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

New standards not yet effective

Standard, interpretation, amendments	Description	Effective date
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024
Amendments to IAS 21 Lack of exchangeability	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.	1 January 2025

2.6 Basis of consolidation

These interim condensed consolidated financial statements comprises the interim condensed consolidated financial statements of the Group and its subsidiary as for the period ended 30 September 2023. The Company and its subsidiary are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. Intra-group balances and transactions, and any recognized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of the subsidiary are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Parent Company and its subsidiary have the same reporting periods.

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 September 2023

3. OPERATING SEGMENTS

a. Basis for segmentation

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

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

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

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 September 2023

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments

30 September 2023 (Unaudited)

	<i>Inflight SR</i>	<i>Retail SR</i>	<i>Catering and facilities SR</i>	<i>Total reportable segments SR</i>	<i>Overheads SR</i>	<i>Head office SR</i>	<i>Elimination SR</i>	<i>Total SR</i>
External revenue	1,139,766,316	36,695,368	408,171,143	1,584,632,827	-	-	-	1,584,632,827
Inter-segment revenue	187,169,327	-	80,086,838	267,256,165	-	-	(267,256,165)	-
Segment revenue	1,326,935,643	36,695,368	488,257,981	1,851,888,992	-	-	(267,256,165)	1,584,632,827
Segment profit / (loss) before zakat and tax	330,866,586	(10,123,958)	80,417,582	401,160,210	(161,190,150)	-	-	239,970,060
Depreciation and amortization	49,172,336	5,251,947	10,066,810	64,491,093	28,356,498	-	-	92,847,591
30 September 2023 (Unaudited)								
Assets:								
Segment assets	1,224,503,522	135,788,683	194,342,306	1,554,634,511	-	-	-	1,554,634,511
Head office	-	-	-	-	-	561,281,155	-	561,281,155
Total Assets	1,224,503,522	135,788,683	194,342,306	1,554,634,511	-	561,281,155	-	2,115,915,666
Liabilities:								
Segment liabilities	433,944,847	50,159,953	56,968,076	541,072,876	-	-	-	541,072,876
Head office	-	-	-	-	-	363,048,204	-	363,048,204
Total Liabilities	433,944,847	50,159,953	56,968,076	541,072,876	-	363,048,204	-	904,121,080

There are no changes from last financial statements in the basis and segmentation, and the basis of measurement and segment proportion.

CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
(FORMERLY KNOWN AS SAUDI AIRLINES CATERING COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 30 September 2023

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments (continued)

30 September 2022 (Unaudited)

	Inflight SR	Retail SR	Catering and facilities SR	Total reportable segments SR	Overheads SR	Head office SR	Elimination SR	Total SR
External revenue	990,010,955	42,660,181	277,341,893	1,310,013,029	-	-	-	1,310,013,029
Inter-segment revenue	166,916,095	-	68,613,268	235,529,363	-	-	(235,529,363)	-
Segment revenue	<u>1,156,927,050</u>	<u>42,660,181</u>	<u>345,955,161</u>	<u>1,545,542,392</u>	<u>-</u>	<u>-</u>	<u>(235,529,363)</u>	<u>1,310,013,029</u>
Segment profit / (loss) before zakat and tax	300,309,312	(12,931,704)	35,186,589	322,564,197	(152,431,515)	-	-	170,132,682
Depreciation and amortization	72,068,897	6,335,330	18,284,645	96,688,872	27,016,598	-	-	123,705,470
31 December 2022 (Audited)								
Assets:								
Segment assets	1,178,323,269	130,667,623	187,012,987	1,496,003,879	-	-	-	1,496,003,879
Other assets	-	-	-	-	-	535,190,950	-	535,190,950
Total Assets	<u>1,178,323,269</u>	<u>130,667,623</u>	<u>187,012,987</u>	<u>1,496,003,879</u>	<u>-</u>	<u>535,190,950</u>	<u>-</u>	<u>2,031,194,829</u>
Liabilities:								
Segment liabilities	452,255,655	52,276,510	59,371,910	563,904,075	-	-	-	563,904,075
Head office	-	-	-	-	-	347,364,575	-	347,364,575
Total Liabilities	<u>452,255,655</u>	<u>52,276,510</u>	<u>59,371,910</u>	<u>563,904,075</u>	<u>-</u>	<u>347,364,575</u>	<u>-</u>	<u>911,268,650</u>

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3. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements

I. Revenue

	30 September 2023 SR (Unaudited)	30 September 2022 SR (Unaudited)
Total revenue for reportable segments	1,851,888,992	1,545,542,392
Elimination of intersegment revenue	(267,256,165)	(235,529,363)
Total revenue	1,584,632,827	1,310,013,029

II. Profit

	30 September 2023 SR (Unaudited)	30 September 2022 SR (Unaudited)
Total profit for reportable segments	401,160,210	322,564,197
Overheads	(161,190,150)	(152,431,515)
Total profit	239,970,060	170,132,682

III. Assets

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Total assets for reportable segments	1,554,634,511	1,496,003,879
Head office	561,281,155	535,190,950
Total assets	2,115,915,666	2,031,194,829

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

IV. Liabilities

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Total liabilities for reportable segments	541,072,876	563,904,075
Head office	363,048,204	347,364,575
Total liabilities	904,121,080	911,268,650

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

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3. OPERATING SEGMENTS (continued)

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

V. Geographical information

Revenue	30 September	30 September
	2023	2022
	SR	SR
	(Unaudited)	(Unaudited)
Kingdom of Saudi Arabia	1,546,855,998	1,272,236,200
<i>All foreign countries</i>		
Egypt – Cairo	37,776,829	37,776,829
Total revenue	1,584,632,827	1,310,013,029

d. Major customer

Revenue from one customer of the Group represented approximately 55% (30 September 2022: 61%) of the total revenues.

4. REVENUES

	Three-month period ended		Nine-month period ended	
	30 September		30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
In-flight catering revenue	364,115,463	316,400,471	974,974,372	828,435,959
Non-airlines revenue	135,679,987	98,368,305	406,953,004	273,631,265
Business lounge revenue	55,356,624	67,900,915	160,657,680	159,882,834
Retail revenue	10,627,924	15,494,829	36,695,368	42,660,181
Other operating revenues				
Camp facilities sales (staff feeding & accommodation)	190,912	3,794,736	2,135,011	4,402,790
Exclusivity purchase income & services to suppliers	-	-	3,217,392	1,000,000
	<u>565,970,910</u>	<u>501,959,256</u>	<u>1,584,632,827</u>	<u>1,310,013,029</u>

5. COST OF SALES

	Three-month period ended		nine-month period ended	
	30 September		30 September	
	2023	2022	2023	2022
	SR	SR	SR	SR
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of materials and goods	206,888,797	175,501,798	560,107,689	425,013,710
Personnel costs	102,436,301	85,693,864	289,063,881	238,650,696
Depreciation	25,024,357	32,518,371	81,875,302	109,799,922
Rent and maintenance of production units	16,248,452	15,224,639	48,089,763	32,182,519
Other costs				
Manpower and transportation cost	17,377,432	13,980,308	51,852,153	42,105,656
Supplies and expandable items	14,015,682	14,371,275	42,342,690	37,267,521
Communication and utilities	4,979,641	8,158,765	19,561,564	21,255,158
Other operational costs	22,732,810	8,811,239	67,939,746	40,082,591
	<u>409,703,472</u>	<u>354,260,259</u>	<u>1,160,832,788</u>	<u>946,357,773</u>

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6. EARNINGS PER SHARE

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

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>	<i>2022</i>	<i>30 September</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Profit for the period	92,348,062	71,247,910	213,207,424	150,023,555
Weighted average number of ordinary shares	82,000,000	82,000,000	82,000,000	82,000,000
Basic and diluted earnings per share (SR per share)	1.13	0.87	2.60	1.83

7. PROPERTY, PLANT AND EQUIPMENT

	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<u>Cost:</u>		
Balance at t the beginning of the period/year	783,600,274	766,014,073
Additions during the period/year	55,457,395	18,464,052
Disposals during the period/year	(18,124,664)	(501,622)
Expensed during the period/year	(333,920)	(376,229)
Balance at the end of the period/year	820,599,085	783,600,274
<u>Accumulated depreciation:</u>		
Balance at t the beginning of the period/year	442,648,594	358,007,600
Charge for the period/year	46,767,814	85,123,092
Disposals during the period/year	(17,720,380)	(482,098)
Balance at the end of the period/year	471,696,028	442,648,594
<u>Carrying amounts:</u>		
At the end of period / year	348,903,057	340,951,680

a) The additions during the period represents capital work in progress comprises 45.4 million. This balance represents construction works at Red Sea Project and civil works and renovation of Kitchen units and lounges.

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8. LEASES

a. Right-of-use assets

	<i>Commercial Building SR</i>	<i>Land SR</i>	<i>Residential Building SR</i>	<i>Vehicles SR</i>	<i>Total 2023 SR</i>
<u>Cost:</u>					
Balance at 1 January 2023	450,353,468	59,814,366	44,839,680	14,763,450	569,770,964
Additions (see note (i) below)	25,366,266	-	-	-	25,366,266
Lease modifications	-	-	(12,399,971)	-	(12,399,971)
Terminations (see note (ii) below)	(48,220,104)	(1,916,329)	(8,601,344)	-	(58,737,777)
Balance at 30 September 2023	<u>427,499,630</u>	<u>57,898,037</u>	<u>23,838,365</u>	<u>14,763,450</u>	<u>523,999,482</u>
<u>Accumulated depreciation:</u>					
Balance at 1 January 2023	251,964,777	11,031,342	24,867,194	14,763,450	302,626,763
Charge for the period	38,223,913	2,068,377	4,298,756	-	44,591,046
Lease modifications	-	-	(3,050,975)	-	(3,050,975)
Terminations	(38,202,999)	(1,616,757)	(7,435,146)	-	(47,254,902)
Balance at 30 September 2023	<u>251,985,691</u>	<u>11,482,962</u>	<u>18,679,829</u>	<u>14,763,450</u>	<u>296,911,932</u>
<u>Carrying amounts:</u>					
At 30 September 2023 (Unaudited)	<u>175,513,939</u>	<u>46,415,075</u>	<u>5,158,536</u>	<u>-</u>	<u>227,087,550</u>
	<i>Commercial Building Lease SR</i>	<i>Land Lease SR</i>	<i>Residential Lease SR</i>	<i>Vehicles Lease SR</i>	<i>Total 2022 SR</i>
<u>Cost:</u>					
Balance at 1 January 2022	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
Additions	10,755,094	-	-	-	10,755,094
Terminations	(6,820,738)	-	(100,605,934)	-	(107,426,672)
Balance at 31 December 2022	<u>450,353,468</u>	<u>59,814,366</u>	<u>44,839,680</u>	<u>14,763,450</u>	<u>569,770,964</u>
<u>Accumulated depreciation:</u>					
Balance at 1 January 2022	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Charge for the year	58,329,811	2,757,835	10,628,846	3,683,274	75,399,766
Terminations	(5,550,878)	-	(16,775,650)	-	(22,326,528)
Balance at 31 December 2022	<u>251,964,777</u>	<u>11,031,342</u>	<u>24,867,194</u>	<u>14,763,450</u>	<u>302,626,763</u>
<u>Carrying amounts:</u>					
At 31 December 2022	<u>198,388,691</u>	<u>48,783,024</u>	<u>19,972,486</u>	<u>-</u>	<u>267,144,201</u>

- i) During the period ended 30 September 2023, the company entered into a new contract with Saudi Iwaa for Residential Compounds in Riyadh.
- ii) Termination during the period ended 30 September 2023 related to Riyadh staff compound and modification in Medina and Cairo leases. The group has recognized a gain as a result of contract termination and modifications amounted to SR 16,066,644 (31 December 2022: SR 18,015,893).

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8. LEASES (continued)

b. Lease Liabilities

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period / year	307,370,093	474,499,382
Additions to lease liabilities during the period / year	25,366,266	10,755,093
Interest expense during the period / year	10,213,887	17,801,951
Related to modified contract	(14,640,248)	-
Related to terminated contract	(29,466,525)	(105,366,036)
Lease payment during the period / year	(39,787,624)	(90,320,297)
	259,055,849	307,370,093
Less: Current portion of lease liabilities	(115,612,617)	(132,049,502)
Non-Current portion of lease liabilities	143,443,232	175,320,591

c. Leases receivables

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

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Net lease receivables at beginning of the period / year	19,248,835	24,074,505
Finance income	336,232	451,828
Modification	(2,250,729)	-
Payments received during the period / year	(10,474,463)	(5,277,498)
	6,859,875	19,248,835
Less: Current portion of net lease receivables	(5,122,904)	(15,458,733)
Non-Current portion of net lease receivables	1,736,971	3,790,102

9. INVESTMENT IN ASSOCIATE

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

The balances of the investment in associate as at 30 September 2023 and 31 December 2022 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	40%	40%	35,467,856	21,543,123

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9. INVESTMENT IN ASSOCIATE (continued)

a) The associate does not issue interim financial statements, accordingly the financial data below and the share of results for the nine-month period ended 30 September 2023 and year ended 31 December 2022 are based on internal management reporting.

b) Below is the summary of the financial information of the associate as at 30 September 2023 and 31 December 2022:

<i>i) <u>Share in net assets</u></i>	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Non-current assets	49,199,095	93,951,585
Current assets	132,675,452	138,767,430
Total assets	181,874,547	232,719,015
Non-current liabilities	5,817,170	22,826,718
Current liabilities	94,721,045	158,953,667
Total liabilities	100,538,215	181,780,385
Net assets	81,336,332	50,938,630
Group's share in net assets	32,534,533	20,375,452
<i>ii) <u>Share in profit</u></i>	<i>30 September 2023 SR (Unaudited)</i>	<i>30 September 2022 SR (Unaudited)</i>
Revenue	393,006,411	282,750,228
Net income / (loss) for the period	34,811,833	9,110,683
Company's share of profit for the period (40%)	13,924,733	-

The associate had no contingent liabilities or capital commitments as at 30 September 2023 and 31 December 2022.

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

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
At beginning of the period / year	21,543,123	-
Group's share of results in an associate	13,924,733	18,417,193
Reversal of impairment	-	3,125,930
At ending of the period / year	35,467,856	21,543,123

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10. TRADE AND OTHER RECEIVABLES

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
Trade receivables - Due from related parties (note 16)	513,714,339	564,795,615
Trade receivables – Others	373,623,398	338,410,877
Unbilled receivables (<i>note c below</i>)	108,605,121	44,124,804
	995,942,858	947,331,296
Less: allowance for expected credit losses	(156,687,937)	(148,413,824)
	839,254,921	798,917,472

- a) Trade receivables are non-interest bearing. The credit terms of the trade receivables vary across the business segments of the Group. It is not the practice of the Group to obtain collateral over receivables and the vast majority of these are, therefore, unsecured. For terms and conditions with related parties please refer to Note 16.
- b) As at 30 September 2023, approximately 70% of the Group's trade receivable's balance was due from various governmental and semi-Government entities (31 December 2022: SR 69%).
- c) Unbilled receivables represent billing not yet approved by customers. As at 30 September 2023 and 31 December 2022 the unbilled receivables balances was having aging of less than one year.

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

	30 September 2023 SR (Unaudited)	31 December 2022 SR (Audited)
At the beginning of the period / year	148,413,824	126,596,732
Charge during the period / year	8,274,113	25,705,642
Written off during the period / year	-	(3,888,550)
At the end of the period / year	156,687,937	148,413,824

11. SHARE CAPITAL

As at the statement of financial position date, the authorized, issued and fully paid share capital is SR 820 million (2022: SR 820 million) which is divided into 82 million (2022: 82 million) shares of SR 10 par value each (2022: SR 10 par value each).

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

The shareholders and their percentage interests in the share capital of the Parent Company are as follows:

30 September 2023:

<u>Name of Shareholders</u>	<u>Number of shares</u>	<u>Value in SR</u>	<u>Percentage Holding %</u>
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	8.18%
General public	46,014,744	460,147,440	56.12%
	82,000,000	820,000,000	100%

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11. SHARE CAPITAL (continued)

31 December 2022:

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

12. STATUTORY RESERVE

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

13. DIVIDENDS

On 22 March 2023, and in its issued resolution, the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the fiscal year 2022 amounted to SR 41 million at SR 0.5 per share. On 1 August 2023, and in its issued resolution, the Board of Directors recommended the distribution of cash dividends to the Company's shareholders for the first half of the fiscal year 2023 amounted to SR 82 million at SR 1.00 per share.

14. ZAKAT

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Zakat payable	25,538,327	28,777,772
Advance income tax relating to foreign shareholding	(7,127,198)	(7,127,198)
Net zakat payable	18,411,129	21,650,574

i) Movement in Zakat provision is as follows:

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Balance at beginning of the period / year	28,777,772	20,075,409
Charge for the period / year	25,538,327	28,777,772
Adjustment related to prior years	1,224,309	(59,945)
Payments during the period / year	(30,002,081)	(20,015,464)
Balance at end of the period / year	25,538,327	28,777,772

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14. ZAKAT (continued)

ii) Charge of the period ended 30 September 2023 and year ended 31 December 2022 is as follows:

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Zakat charge for the period / year	25,538,327	28,777,772
Prior year adjustment	1,224,309	(59,945)
Total Zakat of the period / year	<u>26,762,636</u>	<u>28,717,827</u>

Zakat assessments status

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

The Parent Company:

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

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

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

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

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

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

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

The Subsidiary

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

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15. TRADE AND OTHER PAYABLES

	<i>30 September 2023 SR (Unaudited)</i>	<i>31 December 2022 SR (Audited)</i>
Accrued expenses	282,309,684	232,626,157
Trade payables – third parties	118,394,735	126,767,350
Payroll accruals	47,358,472	38,226,625
Trade payables – related parties (note 16)	70,089	8,836,841
Dividend payable (note 13)	2,916,698	2,446,535
	451,049,678	408,903,508

16. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

<i>Name of Related party</i>	<i>Nature of transactions</i>	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2023 SR (Unaudited)</i>	<i>2022 SR (Unaudited)</i>	<i>2023 SR (Unaudited)</i>	<i>2022 SR (Unaudited)</i>
<i>Shareholders</i>					
Saudi Arabian Airlines Corporation	Sale of goods and services received	401,737,664	387,269,275	1,127,987,798	976,356,247
		43,819	406,909	1,816,163	1,581,310
<i>Affiliates</i>					
Saudi Ground Services Company	Sale of goods and services received	16,331,080	13,298,374	45,067,918	31,121,286
		1,910,103	771,887	3,364,559	1,584,803
Saudi Airlines Cargo Company	Sale of goods and services received	1,415,495	1,657,975	4,462,903	5,386,058
		501,286	1,354,008	1,372,301	2,763,838
Saudi French Company for Duty Free Operations and Management	Sale of goods and services received	1,362,946	1,881,602	5,278,359	5,001,744
Saudi Airlines Real Estate Development Company	Sale of goods and services received	1,724,230	110,915	1,724,230	145,220
		-	-	3,183,977	-
Saudi Private Aviation	Sale of goods and services received	5,686,005	4,633,315	18,289,666	19,132,776
Saudia Royal Fleet	Sale of goods and services received	9,289,020	6,418,872	25,747,413	31,524,357

**CATRION CATERING HOLDING COMPANY (A SAUDI JOINT STOCK COMPANY)
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 September 2023

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

<i>Name of Related party</i>	<i>Nature of transactions</i>	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Affiliates</i>					
Saudia Aerospace Engineering Industries	Sale of goods and services	474,940	551,488	2,016,466	1,889,814
Flyadeal Airlines Company	Sale of goods and services	4,913,145	2,616,632	12,677,140	6,683,261
Al Salam Aircraft Company	Sale of goods and services	10,068	91,851	135,265	368,972
Prince Sultan Aviation Academy	Sale of goods and services	-	32,028	12,133	32,028

ii) Due from related parties comprised the following:

	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Saudi Arabian Airlines Corporation	437,729,004	430,488,596
Saudia Royal Fleet	21,674,460	53,662,602
Saudi Ground Services Company	23,127,169	47,269,751
Saudia Aerospace Engineering Industries	11,994,600	9,978,135
Saudi Private Aviation	8,196,119	12,670,913
Flyadeal Airlines Company	6,923,936	3,028,242
Saudi French Company for Duty Free Operations and Management	540,835	4,043,890
Saudi Airlines Cargo Company	2,260,655	2,132,060
Al Salam Aircraft Company	1,217,488	1,262,454
Prince Sultan Aviation Academy	50,073	113,754
Saudi Airlines Real Estate Development Company	-	145,218
	513,714,339	564,795,615

iii) Due to related parties comprised the following:

	<i>30 September</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Saudi Arabian Airlines Corporation	43,819	-
Saudi Airlines Real Estate Development Company	-	8,444,349
Saudi Ground Services Company	-	-
Saudi Airlines Cargo Company	26,270	392,492
	70,089	8,836,841

Terms and conditions of transactions with related parties

Outstanding balances at the reporting period are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at year-end arise in the normal course of business. For the period ended 30 September 2023 and year ended 31 December 2022, the amounts owed by related parties are not impaired.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 September 2023

16. 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:

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short term employee benefits	1,544,119	1,926,503	4,963,862	6,185,284
Post-employment benefits	24,300	24,300	64,800	85,050
Termination benefits	74,216	1,022,306	453,039	1,257,843
Key management bonus	1,000,000	965,039	3,000,000	2,895,117
	<u>2,642,635</u>	<u>3,938,148</u>	<u>8,481,701</u>	<u>10,423,294</u>

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

17. CONTINGENCIES AND COMMITMENTS

As at 30 September 2023 and 31 December 2022, the Group had the following commitments, letter of guarantees and contingencies:

	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Capital commitments	<u>90,300,625</u>	<u>46,222,342</u>
Letter of guarantees (refer to note below)	<u>60,117,276</u>	<u>51,451,595</u>

On 30 September 2023, the Group had outstanding letters of guarantee amounting to SR 60.1 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2022: SR 51.5) with cash margin deposit amounting to SR 10.6 million (31 December 2022: SR 10.5 million).

Vendors and ex-employees have commenced an action against the Group in respect of individual and commercial claimed to be defective. The estimated payout is SR 3.1 million should the action be successful.

18. SUBSEQUENT EVENTS

On 27 Rabie Al-Awwal (corresponding to 12 October 2023), the shareholders' approved in the Extraordinary General Assembly meeting to change the name of the Company from Saudi Airlines Catering Company to CATRION Catering Holding Company. All legal formalities were completed subsequent to the period end in relation to change of the name of the Group.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 6 November 2023 (corresponding to 22 Rabie Al-Thani 1445H).