

Annual Report

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About CATRION





Since its inception in 1981 as the culinary wing of Saudi Arabian Airlines, CATRION has embarked on a remarkable journey, establishing itself as a leader and innovator in the catering industry within the Kingdom.

Driven by a commitment to exceed client expectations and to contribute significantly to the objectives of Saudi Arabia's Vision 2030, CATRION has undergone substantial growth and diversification. Over four decades, CATRION has impressively catered to millions, serving customers on Saudia and its partner airlines and extending its services to lounges, trains, events, restaurants, hotels, camps, and beyond.

Marking a transformative chapter in its history, Saudi Airlines Catering has rebranded as CATRION, symbolizing its evolution and futuristic vision. This venture pioneers eco-friendly catering practices and aligns CATRION with international environmental objectives, solidifying its position as a frontrunner in sustainable hospitality solutions. By adopting cutting-edge technologies and ethical sourcing methods, CATRION is dedicated to reducing its carbon footprint and promoting a greener future.

This 42-year journey underscores CATRION's dedication to excellence and ability to adapt to a dynamic industry. This commitment to innovation and sustainability is not just a significant achievement; it represents a bold leap forward in our journey, heralding a future filled with exciting, eco-conscious catering solutions for many years. The company's successful diversification is reflected in its operational presence across key sectors: In-Flight Catering, Catering and Facilities Management, and Culinary.



Vision

- o To be the global caterer and support services provider of choice for public and private organizations, across travel, tourism, sport, and events.



Mission

- o Grounded in our Saudi heritage of hospitality, CATRION is committed to offering the finest in catering, travel, events, and support services. We strive to be a center of excellence in delivering innovative and sustainable services to our clients.

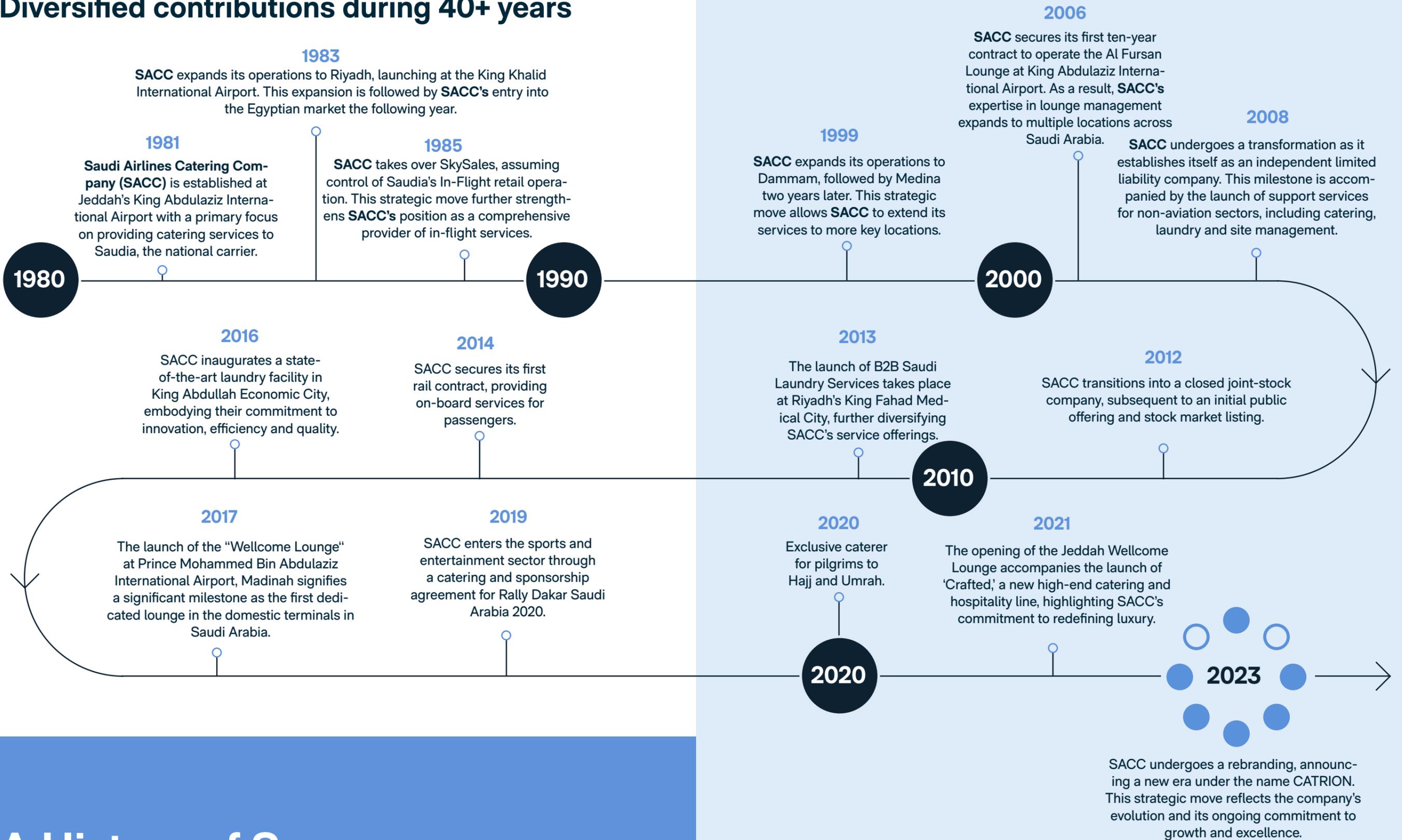


Values

- o Reliable
- o Committed
- o Smart
- o Passionate
- o Sustainable
- o Caring



Diversified contributions during 40+ years



A History of Success

Shareholder Relations

Shareholder Information

Listing Date	09/07/2012	
Exchange	Saudi Stock Exchange, Tadawul – Main Market	
Symbol	6004	
ISIN Code	SA1330R2TQ16	
Number of Shares Issued	82,000,000	
Market Cap as of 31st December 2023	SAR million	10,578
	USD million	2,820.8



Major shareholders

At the end of 2023, CATRION had 2 major shareholders, Saudi Arabian Airlines, owning 35.7% and Abdulmohsen Abdulaziz Alhokair Holding owning 8.184%. 5 investors own more than 1 million shares, representing 51.63% of the issued shares, with a foreign shareholding of 12.54%.

Investors according to Nationality	Percentage of Ownership	Number of Investors	Number of Shares
Saudi Arabian	87.46 %	23,984	71,713,363
Other Nationalities	12.54 %	380	10,286,737
TOTAL:	100%	24,364	82,000,000

Ownership Notification

In line with the Capital Markets Authority regulations, article 68, on the Offer of Securities and Continuing Obligations, CATRION received no new notifications of new ownership of over 5% in 2023 of the shares issued to the company, with only two shareholders owning a percentage equal to or greater.

	Beginning of the Year		End of the Year	
	Number of Shares	Percentage of Ownership	Number of Shares	Percentage of Ownership
Saudi Arabian Airlines	29,274,000	35.7%	29,274,000	35.7%
Abdulmohsen Abdulaziz Alhokair Holding	6,710,880	8.184%	6,710,880	8.184%
TOTAL:	35,984,880	43.884%	35,984,880	43.884%

Investor Relations

Over the course of 2023, the Company continued to interact consistently with the investor community, and will continue to do so through 2024.

Earnings Calls Held: 4
 Conferences Attended: 1
 Investor Meetings Held: 15

Leadership





Chairman Message

Mohammed Abdulaziz Al Sarhan
Chairman



By the Grace of Allah, and under the guidance and wisdom of our wise leadership, may Allah protect them, the Saudi economy is thriving, and achieved the highest growth rates among the G20, despite the ongoing geopolitical challenges and conflicts being seen in many places around the world. This is thanks in part to the implementation of several large-scale giga projects in the field of infrastructure, transportation, and services, which have resulted in The Kingdom deservedly being awarded the prestigious honor to host the largest exhibition event in the world, “Expo 2030”.

CATRION, with over forty years of experience, plays a significant role in contributing to the national economy and achieving the objectives of Vision 2030 by diversifying sources of non-oil revenues and economic activity. I am delighted to present the 2023 Annual Report to our esteemed shareholders, partners, stakeholders, and readers. The report outlines comprehensively our development programs, achievements, diverse service systems, and performance indicators across various sectors. Our goal is to strengthen our leading position in catering and hospitality within the Kingdom, as well as regionally and internationally.

In 2023, CATRION has come a long way in its journey towards achieving its strategic goals, complimented by its re-brand and launch of its new identity, to reflect the direction and commitment to its new approach in diversifying its activities and focusing on customers. This was all to continue providing advanced and innovative hospitality services and concepts with the highest standards of quality and excellence. The company is also building on its authentic Saudi heritage and investing over four decades of experience in strengthening its leadership role in serving the in-flight catering sector, culinary, and catering and facilities. The company has positioned itself as the largest catering company in the region’s aviation sector and one of the ten most prominent operators in the world. Furthermore, it’s expanding its activities to include Hajj and Umrah services, the health

sector, major tourism facilities and projects, sports and entertainment events, facility management, oil and mineral exploration sites in remote areas, as well as other services, details of which can be found in this report.

At CATRION, we believe that every achievement and success is the result of enlightenment, ambition, willpower, and a determination to excel and overcome challenges together as a team. That is why we are committed to developing the knowledge wealth of our national cadres, by providing training and qualification programs in the fields of production, food, services, and hospitality. We are eager to strengthen our position in the market as the preferred global service provider in the aviation sector and beyond. By achieving several key milestones in 2023, we aim to continue moving forward in a similar fashion towards new horizons and on to a brighter future.

In conclusion, I wish to express my sincerest gratitude and appreciation to our shareholders for entrusting us, our partners for their unwavering support, government agencies for their cooperation, my colleagues on the Board of Directors and the executive team for their tireless efforts and perseverance, and last but not least, to all my colleagues and fellow employees at CATRION for their dedication, efforts, and creativity, who have all helped us to achieve our results. In closing, I wish everyone continued success and prosperity.

CEO Message

Wajdy Al-Ghabban
CEO



After a journey of more than four decades in the fields of food production and services, CATRION Catering Holding Company is embarking on a new phase in its history, characterized by flexibility, adapting to changes, and keeping pace with the latest trends in hospitality.

While the company has served the air transport sector for decades, it now expands into new horizons with limitless ambitions. The goal is to continue enhancing its capabilities, diversify its activities and services, and keep pace with the comprehensive development leaps that the Kingdom is experiencing. This includes economic diversification, tourism growth, and global sporting, cultural, and entertainment events that have made it a top destination worldwide.



Based on this perspective, in 2023, the company launched its new brand identity, CATRION, which reflects its aspiration to be the preferred global catering and support services provider for public and private institutions, and a center of excellence in providing innovative and sustainable services to our valued customers, with full commitment and reliability, committed to the values of authenticity and our national heritage. In addition, we are looking to diversify away from being specialized in serving just the aviation sector, but rather to look to the open market with all the creative thinking and competitive services it requires. This report includes, in addition to a detailed review of performance and achievement indicators for all sectors, features of the practical application of our strategy of focusing on customers, environmental and social governance, and diversifying activities and services, targeting the Country's giga projects as promising opportunities for sustainable growth.

In 2023, a significant highlight was the partnership we signed with Red Sea Global. This strategic partnership is valued at 9 billion Saudi Riyals, spanning the next twenty years. The contract includes the design, construction, and operation of a catering unit and a central laundry to serve hotel establishments, tourist resorts, and other facilities within the Red Sea project area. In addition, this report highlights CATRION's achievements in various sectors such as in-flight catering, sports and tourism events, retail sales, Hajj and Umrah services, the health sector, as well as others in which we serve. This positive performance has brought the company back to pre-pandemic indicators and levels, and we are confident of continuing our positive performance as we look to the future.

CATRION is expanding its services and diversifying its offerings while implementing a new aviation strategy. This strategy aims to attract new customers and retain existing ones. In 2023, CATRION signed 21 new contracts in the aviation field, enabling us to serve 130 million passengers, with plans in place to accommodate growth.

To achieve our goals in the competitive aviation and airport industry, CATRION's strategy focuses on cost-effectiveness.

Additionally, we aim to provide high-quality products created by renowned international chefs, whose products achieve the highest standards of guest experience and customer satisfaction. This strategy aligns with the "Kingdom's Vision 2030", which aims to serve 330 million passengers across the Kingdom's airports by 2030.

As CATRION continues to grow, in line with the rapid expansion of the economy, we are committed to completing our digital transformation journey by embracing the latest technology and artificial intelligence. As part of this, we want to ensure that our operational systems, website, and electronic payment gateway are secure, which is why we have invested heavily in cyber-security and established a fully functioning department. In addition to this, we are also prioritizing the development of our esteemed staff, attracting talented individuals to excel, develop and succeed across all lines of business in which we serve.

Over the coming years, we look forward to further strengthening our competitive position in the market, maintaining our customer base and attracting new customers, all the while achieving high customer experience and satisfaction rates. This is in addition to integrating the retail sector into our overall business, the exploration of merger and acquisition opportunities, and increasing the rate of our profits from food production, which we anticipate will reach 50% of the company's total profits. We will work very hard to prepare and provide for the upcoming Expo 2030, and enhance our role in preserving the environment by implementing the "Green Saudi" strategy, which will involve reducing carbon emissions and increasing clean energy use.

In conclusion, I would like to extend my sincere appreciation to our honorable shareholders and distinguished partners for their trust and support over the year. I am also very grateful for the cooperation and ongoing support shown by all Government agencies we deal with. Of course, I would like to also thank our esteemed Chairman and members of the Board of Directors for their unwavering support, and finally, a massive thank you to our employees, whose distinguished performance and achievement made this year possible. I wish you all nothing but success for the year ahead.

Chief Financial Officer's Review

Hesham Masoud
CFO



This past year has been a powerhouse of progress; with our clear strategy in place, our dedicated customer service and efficiency enhancing measures propelled us towards unprecedented growth, and an even brighter future. Our pivotal rebranding effort transformed our identity, embedding a new ethos of belief, consideration, and ethics into our culture and public image. We achieved a major milestone by securing two significant contracts with Red Sea Global totalling SAR 9 billion, which involves catering and laundry services. This success is a testament to our growing influence in the industry. In addition, CATRION's innovative practices in sustainability not only reflect its commitment to environmental stewardship but also establish it as a pioneer in responsible and sustainable innovation within the global catering industry.

Our customer-centric approach, leading to a 100% retention rate in aviation and securing 21 new aviation contracts, has been vital to our success, demonstrating effective relationship management, client commitment and signalling a year of considerable accomplishments. In a strategic move, we have launched our events business, and the Culinary Academy marked our expansion into new domains, diversifying our product and service offerings.



Catering and Facilities Sector Performance

In 2023, our company's non-aviation sector showcased remarkable growth. Despite the mobilization costs associated with our new business growth, the external revenue reached SAR 532.8 million, an impressive 38.1% increase over SAR 385.8 million achieved in 2022. This growth highlights our successful strategic expansion and diversification beyond traditional aviation-related services. The net profit before Zakat for this sector was particularly significant, reaching SAR 86.7 million, nearly 1.6 times greater than SAR 54.3 million achieved in 2022.

In-Flight Catering Division Performance

The In-Flight Catering division also experienced significant growth in 2023. The division's revenue was SAR 1,600.9 million, representing a 11.8% growth over 2022. This growth was driven by a substantial increase in the number of meals served, with in-flight revenue growing by 15.5%. Additionally, our business lounges went from strength to strength. This excellent performance is attributed to the robust growth in visitor numbers in recent months, demonstrating the Kingdom vision 2030 growth plan and our commitment to excellence in service and customer experience.

Overall Financial Health

The company's overall financial health improved significantly in 2023. We generated a net cash flow of SAR 608.0 million from operating activities, as compared to SAR 346.2 million 2022. Our key financial indicators

also saw substantial improvements. The return on equity increased to 22.5% from a previous 22.1%, showcasing much stronger profitability than shareholders' equity. The net debt to equity ratio improved to 16%, down from 44.1% in 2022.

We have also made significant strides in Technological and digitalisation enhancement, notably improving cybersecurity compliance reaching 70.6% in 2023. The successful implementation of the ITIL framework has enhanced our IT service management capabilities. This proactive approach to embracing cutting-edge technologies and adhering to rigorous cybersecurity standards will position us to meet future challenges with agility and confidence. We have also introduced Robotics Process Automation (RPA), resulting in substantial savings in person-hours and costs, alongside the implementation of digital employee wallets and embracing digital archiving. Using advanced technologies like AI, ChatGPT, and GPS and TMS in various business areas improves efficiency and decision-making.

As we move into 2024, our primary objectives are focused on excellence and continue with an unwavering focus on growth, innovation, sustainability and customer-centricity.



Mohammed Abdulaziz Al Sarhan

Chairman of the Board (Independent), member of Nomination and Remuneration Committee, chairman of Executive Committee



Raed Ibrahim Al Mudaiheem

Vice Chairman of the Board of Directors (Independent), Chairman of Audit committee



Yousef Hamad Al Yousfi

Board member (Independent), Chairman of Nomination and Remuneration Committee



Abdulwahab Abdulaziz Al Butairi

Board member (Independent), member of the Audit Committee and Executive Committee member



Dilip Nijhawan

Board member (Independent), member of the Audit Committee



Olivier Harnisch

Board member (Independent), member of the Nomination and Remuneration Committee



Sami Abdulmohsen Al-Hokair

Board member (Non-Executive), Executive Committee member



Fadi Majdalani

Board member (Independent), member of the Nomination and Remuneration Committee and member of the Executive Committee



Fahad Abdullah Moussa

Board member (Non-Executive), Executive Committee member

Board of Directors

Executive Management



Wajdy Al-Ghabban

Current positions
Chief Executive Officer



Mahmoud Masoud

Current positions
Chief Financial Officer



Paul Summers

Current positions
EVP Mergers,
Acquisitions and
Business Development



Dr. Rashed Abdulrahman Alarfaj

Current positions
EVP In-Flight Catering



Salah M. Al Umar

Current positions
EVP In-Flight Catering

*Resigned on 30th April 2023



Tarek Tharwat

Current positions
VP- Chief Audit Executive



Obaidah AL Saggar

Current positions
VP Procurement
and Strategic Sourcing



Talal Al Toaimi

Current positions
VP- Airports Lounges



Khalid Al- Redian

Current positions
VP, Central and Eastern
Regions

*Resigned on 6th September 2023

Executive Management



**Mohammed Aliy
Yahya Al-Awi**

Current positions
VP, Health, Security
and Standards Control



Roberto Mulfari

Current positions
VP, GIGA Projects



Thomas Andreas Gugler

Current positions
VP Culinary



Ashraf M. Nadeem

Current positions
VP
Information Technology



Frederic Huet

Current positions
Vice President
Regional Operations
Catering and Facilities



Saeed Al-Mufadali

Current positions
Vice President
of Humna Resources

Operational Review



Macro Overview

Saudi Arabia is embarking on a transformative journey with comprehensive reforms under the Vision 2030 strategic framework. These reforms diversify the economy, enhance societal openness and connectivity, and ensure a transparent, efficient, and accountable governmental performance.

In 2023, the country's real gross domestic product (GDP) experienced a slight decline of 0.9% year-on-year (YoY), as reported by the General Authority for Statistics (GASTAT). This was mainly due to a 9.2% YoY decrease in oil activities. However, this was partially balanced by a 4.6% YoY growth in non-oil activities and a 2.1% YoY increase in government activities. The growth in non-oil sectors is a positive sign, showing a shift towards a more diversified economy, less dependent on oil. This diversification is particularly relevant for the hospitality, tourism, and event management industries. As the economy diversifies, these sectors will likely see an uptick in business activities driven by domestic and international demand.

The non-oil GDP notably grew by 4.6% in 2023 despite an overall contraction of 0.9% in the country's GDP. This growth, particularly in tourism and industry, is pivotal to the kingdom's economic transformation and diversification.

In December, a year-on-year increase of 1.5% in consumer prices indicated a stable consumer market, which generally shows a favourable economic climate. Such stability often translates to regular consumer spending habits. Over the year, the foreign exchange reserves of the Saudi Arabian Monetary Authority (SAMA) decreased by \$23.3 billion. This decline was mainly due to outflows in the financial account of the balance of payments, predominantly leaving the reserves at \$437 billion. The stable business environment, as evidenced by the non-oil Purchasing Managers' Index (PMI) and increasing consumer confidence, presents a favourable scenario for these sectors. Despite a decrease in SAMA's foreign exchange reserves, the increase in consumer spending and financial stability suggests a robust economic foundation that could benefit hospitality and related industries.

In 2023, Saudi Arabia achieved a remarkable feat in its inbound tourism sector, attracting over 100 million tourists. This significant influx of international travellers underscores the kingdom's increasing allure as a global destination. It signifies the success of its efforts to diversify its economy beyond oil, aligning with the ambitious Vision 2030 goals. The non-oil sectors of Saudi Arabia are demonstrating vigorous growth, with projections indicating an increase of over 5% in the medium term.

The 2023, the broad measure of money supply (M3) experienced a 7.6% increase, slightly less than the growth rate in 2022. A key contributor to this growth was the significant 32% increase in time and savings deposits, driven by high savings rates. The growth in money supply and bank deposits in 2023 indicates an upturn in overall economic activity. This economic improvement, coupled with a rise in disposable income, bodes well for the tourism and event management sectors, as individuals and businesses are more inclined to spend on leisure and corporate events.

This rate shows a decrease of 1.3% compared to the third quarter of 2022. While the labour market showed some fluctuations, the overall economic environment remains conducive to the growth of the catering and hospitality sectors. The steady non-oil sector growth and the anticipated increase in oil demand in 2024 suggest a rebound in the broader economy, which benefits these industries.

Employment growth in Saudi Arabia has slowed further after reaching a nine-year high in October. As per the data from the General Authority for Statistics, the unemployment rate among Saudi citizens rose marginally to 8.6% in the third quarter of 2023, up from 8.3% in the previous quarter.

Moderate inflation, with consumer prices, increased by 1.5% year-on-year in December. The average inflation rate for the year stood at 2.3%. Inflation remained moderate, crucial for hospitality and event management pricing strategies. The expectation of moderate inflation in 2024, despite potential risks from shipping disruptions in the Red Sea, provides a stable environment for these sectors to plan and strategize effectively.

Macro Overview

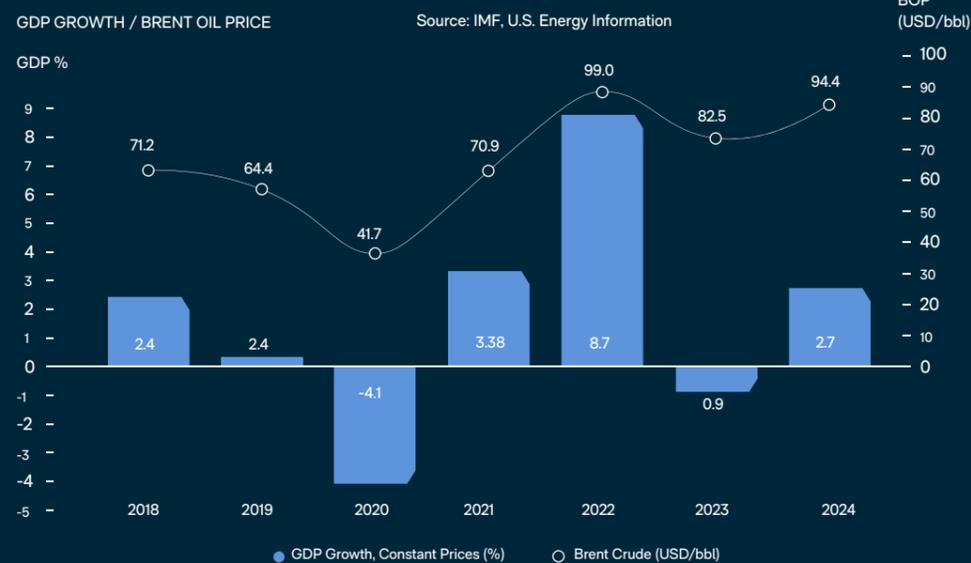
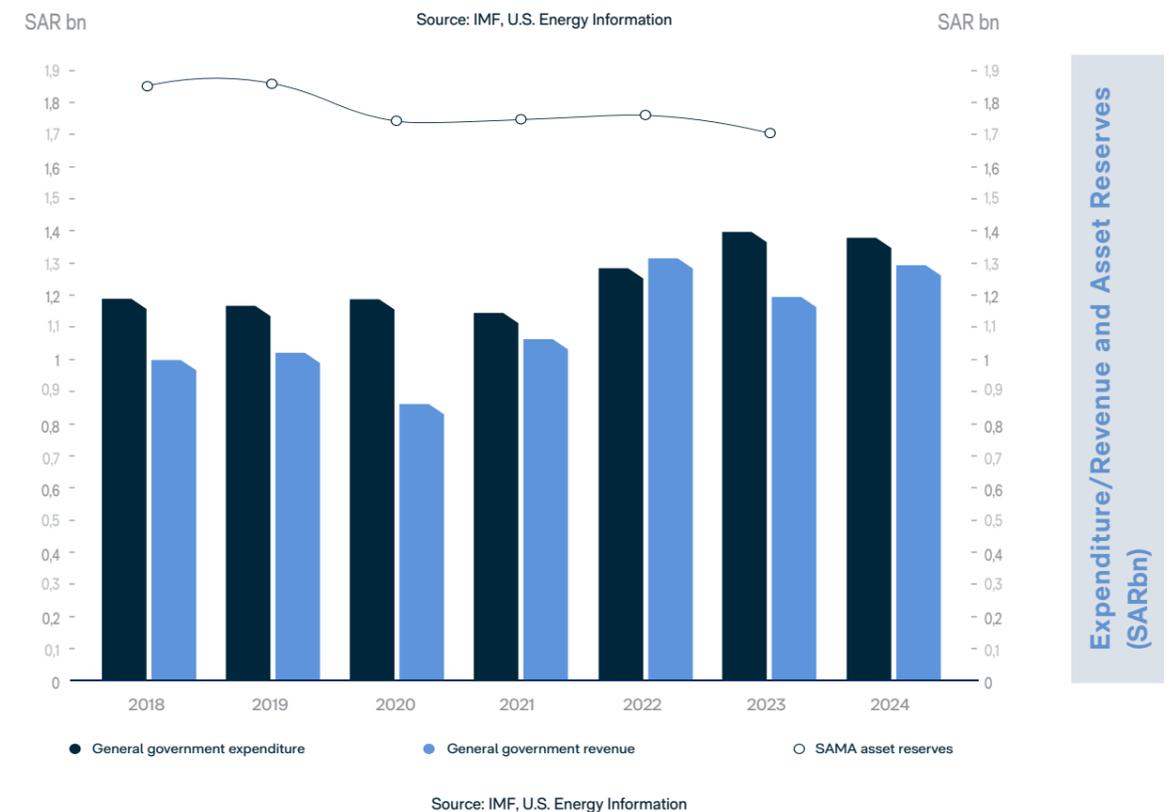
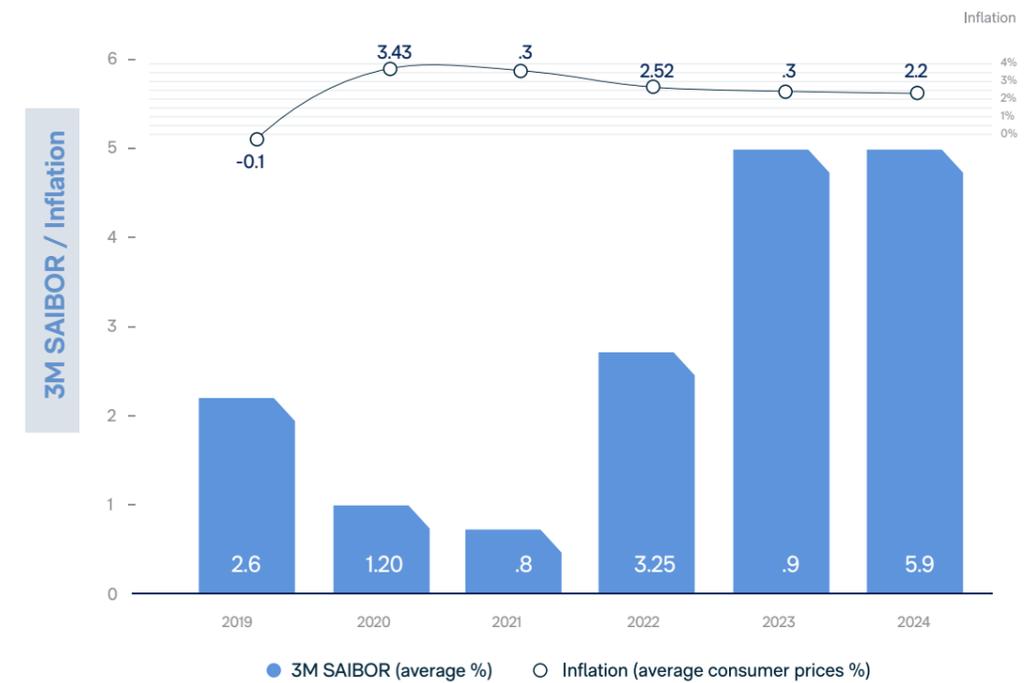
The government's dedication to higher spending in upcoming years is set to boost domestic growth further and strengthen the non-oil GDP. Such strategic investments are expected to hasten the economy's diversification, reducing its dependency on oil revenues. The emphasis on developing key sectors, such as tourism, coupled with efforts to expand the private sector and generate employment opportunities, directly aligns with these strategic objectives.

Additionally, the healthcare sector in Saudi Arabia is poised for growth, propelled by increased government investment and greater involvement of the private sector:

rising disposable incomes and a growing emphasis on health and wellness support this expansion.

Saudi Arabia's strategic direction towards diversifying its economy is reaping substantial rewards, especially in the tourism and health-care sectors. There has been remarkable growth in the non-oil GDP, proactive government spending, and the influx of international tourists. This holistic approach to economic diversification lays a solid groundwork for sustainable growth and development across various sectors, fortifying the kingdom's economic future.

2023 GDP Growth



Strategy

Maintain Market Leadership in In-Flight Catering

- Develop compelling CATRION value proposition for new airlines
- Build key account management capability to nurture priority customers
- Cover airports expansions and assess covering new airports
- Maintain market leadership in lounges
- Retain strategic operations in retail and focus on profitability

Scale up in Catering and Facilities

- Execute Red Sea and pursue other Giga Projects
- Develop Integrated Facility Management offering
- Scale-up new sectors (Healthcare and Events and Functions)
- Grow profitably existing sectors (B&I, Remote Sites and Railways)
- Develop a more sustainable Hajj model

Increase agility and adopt a customer centric approach

- Transform Procurement
- Adopt a matrix organization for Catering and Facilities (incl. Business Development function)
- Establish Guest Experience
- Enhance cost competitiveness /operational efficiency across BUs
- Enhance agile management of Giga Projects (e.g., project management, financial and operational controlling)

- Enhance cost competitiveness/ operational efficiency across BUs (e.g., food and labour cost for Catering and Facilities, corporate cost)
- Restructure the organization and inject needed capabilities (e.g., business development, category management, marketing, data analytics)
- Pursue inorganic growth opportunities; explore JVs where needed (e.g., healthcare, events)

Building on existing capabilities

Food Procurement

Established procurement scale of ~1.2Bn SAR, with strategic relationships with key vendors

Food preparation and operating kitchens at scale

Operates 2 CPUs and 5 kitchens with end-to-end service offering including menu planning and food delivery

Value add food preparation

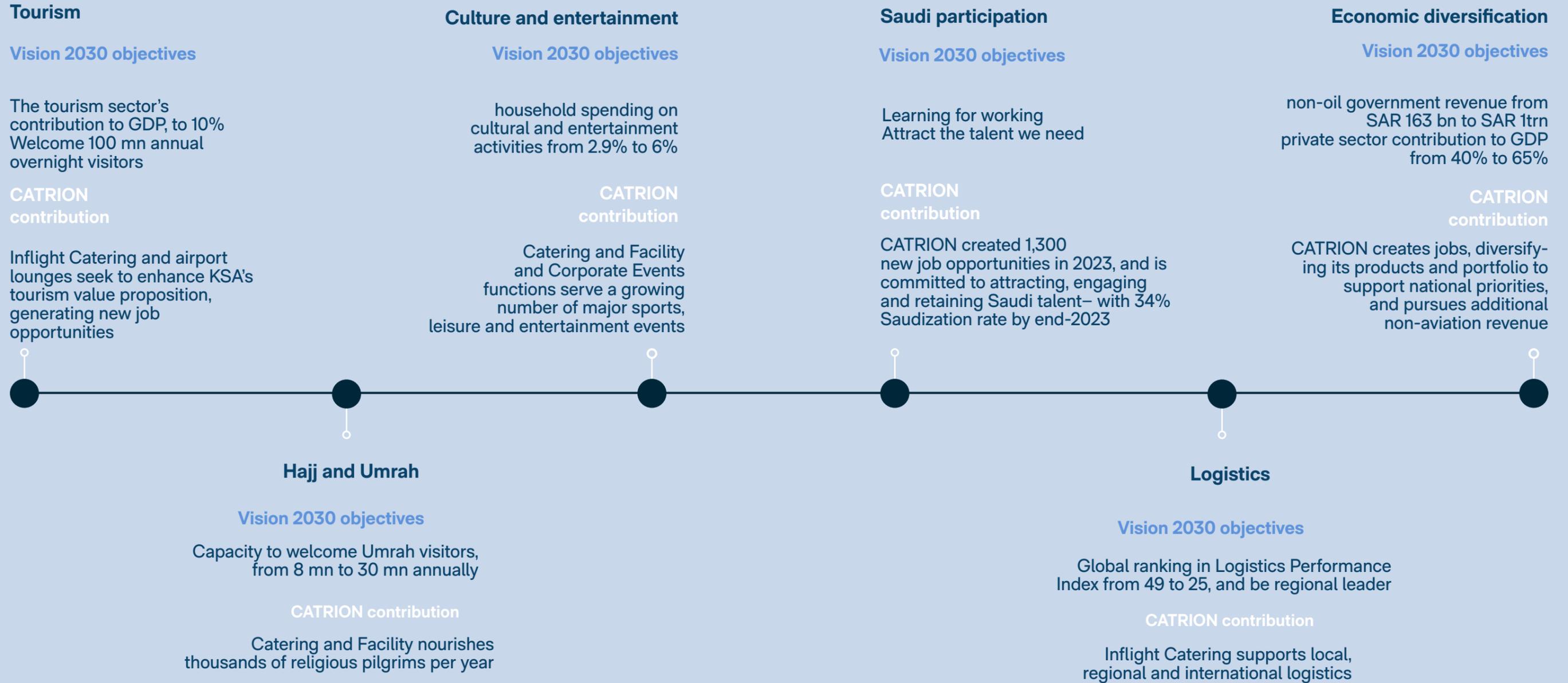
Large central production unit with capacity to produce 300k+ meals / day

Operating within the Travel Channel

Knowhow of the travel channel operations including in-flight catering, lounges, on-board retail, and on-ground retail



Strategic diversification objectives support Vision 2030



CATRION has a wide-reaching value chain

Retail

- Skysales
- E-commerce

In-Flight Catering

- On-Board Meals
- Airport Lounges

Railway

- On-board meals
- On-board cafeteria
- Station lounges
- Equipment management

Business and industry (Bandl) catering

- Company and government headquarters
- Industrial and economic cities
- Educational institutions
- Hotels

Hajj and Umrah

- Meals for those undertaking pilgrimage
- Meals for those organizing pilgrimages
- Food truck services

Laundry services

- For hotels, hospitals and industrial players, among others

Healthcare catering

- Public sector medical cities
- Private hospitals
- Rehabilitation centers
- Dialysis centers

Facility Management

- Technical services
- House keeping
- Support services e.g.
- Reception, Landscaping

Other events and functions catering

- Sports events
- Wedding and lifestyle events
- Corporate events
- Entertainment events
- VIP events

Ready-to-eat and ready-to-cook

- Frozen meals
- Chilled meals
- Pre-cut vegetables
- Smoked products

Remote sites catering

- Oil rigs
- Mining companies
- Petrochemicals companies
- Construction companies

In-Flight Catering Division

209k

Flights Served 2023

An increase of 10.26% compared to 2022

41,6 M

Flight Meals Served

An increase of 30.12% compared to 2022

SAR

1,329.5 M

In-Flight Catering Revenue 2023

An increase of 15.5% compared to 2022

SAR

222 M

Lounge Revenue

Our business lounges revenue increased by 0.7%. This was despite the closure of two major CATRION lounges, TR1 and Al Fursan Lounge in the domestic terminal at Dammam for renovation.

Operational Efficiency and Market Leadership

CATRION, renowned for its operational efficiency, has actively maintained its dominant position in the market with a market share of approximately 98% over the past 42 years. Despite holding a dominant position in the market for this time, CATRION is keenly aware of the evolving landscape and the emergence of new competitors. The In-Flight Catering Division of CATRION continues to provide essential support and specialized services for the company's aviation business lines. This division is pivotal in ensuring high-quality in-flight catering services, reflecting CATRION's unwavering commitment to excellence within the aviation sector. As a fundamental component of the company, the In-Flight Catering Division is key to the smooth and efficient functioning of CATRION's aviation-related activities, and its expertise and dedication are vital in upholding CATRION's excellent reputation for quality and customer satisfaction in the highly competitive field of aviation services.

Strategic Expansion and Impressive Performance

CATRION has achieved a significant milestone in its in-flight catering services, proudly serving millions of flight meals. CATRION's achievement underscores its commitment to quality and customer satisfaction in the airline industry. The company maintains a strong line of communication with its airline partners, keeping them informed about new product launches and updates in catering services. This proactive approach ensures that CATRION consistently meets the evolving needs of airlines and their passengers. Beyond its in-flight catering success, CATRION is actively pursuing expansion across the Kingdom, with a particular focus on its lounge business.





In-Flight Catering Division (continued)

This expansion includes enhancing the offerings of the Wellcome lounge and other airline lounges, in line with CATRION's strategic vision. The primary objective of this expansion is to retain current clients while capturing new market segments. This strategy is vital considering the expected surge in passenger numbers, projected to reach 330 million by 2030. The company's agility and strategic foresight were evident in 2023, a year marked by the successful signing of 21 new aviation contracts. This achievement reflects CATRION's ability to align its operations with the evolving dynamics of the market and its commitment to staying ahead in an increasingly competitive environment.

Adding to these strategic developments, the In-Flight Catering Division of CATRION has showcased outstanding performance, substantially surpassing its results from the previous year. In 2023, the division, including lounges reported a slight increase in revenue of 0.7% compared to 2022 despite to the closure of two CATRION Lounges which are Terminal 1 Wellcome Lounge and Al Fursan International Lounge in King Fahad International Airport in Dammam due to Airport Renovation. This success is further amplified by the substantial revenue growth recorded in its lounges. Notably, the Al Fursan International Lounge at King Abdulaziz International Airport, Wellcome lounges in Riyadh, Madinah, and Jeddah, and the Prime Class Lounge in Madinah collectively achieved a 18% increase in revenue growth over 2022. Such exceptional growth highlights the division's efficiency and effectiveness and underscores its ability to adapt and excel in a rapidly changing and challenging market environment.

Client Engagement and Relationship Management

In the realm of client engagement and relationship management, CATRION has shown remarkable progress. The Company has achieved a notable milestone currently serving 114 clients.

This success highlights the effectiveness of its key account management strategy. Integral to this strategy is establishing strong communication channels with clients, ensuring they are consistently updated on new product launches and that the Company is actively seeking and addressing feedback as a routine aspect of customer relations.

Strategic Growth and Achievements

Strategically, CATRION has achieved significant milestones, including approving a new strategy for the 2024-26 period and introducing a Sustainability function within the company. These initiatives highlight CATRION's commitment to impactful and responsible operations. In terms of achievements, CATRION has exceeded its operational targets by >10%, demonstrating adaptability and excellence under varying market conditions. The company has also undergone cultural changes, focusing on cultivating a leaner, morale-boosting environment, which highlights its dedication to enhancing the internal culture. This insight led to a specialized department focused on operational efficiency. This department is a testament to CATRION's dedication to maintaining a competitive edge and providing superior service quality. Over the past year, CATRION has initiated various projects to reduce production and catering waste, especially in Jeddah, signifying the company's commitment to optimizing operations while adhering to high standards.

Future Growth and Expansion Prospects

Several vital factors shape the future growth of CATRION. Saudia's decision to increase its international presence, the rising status of the Kingdom as a global tourism destination, the arrival of additional low-cost airlines, and the move into non-aviation catering sectors are all welcome developments that bode well for CATRION's expansion in the catering industry. These factors set a promising backdrop for the company's future growth and continued success in the catering sector.

Catering and Facilities Management Division



As a key player in integrated catering and facilities management, Catering and Facilities excel in delivering top-tier services to a diverse clientele across various sectors.

One of the hallmarks of Catering and Facilities's strategy is its meticulous approach to development, resulting in an outstanding client retention rate exceeding 95%. While historically recognized for its excellence in catering, the Company has strategically diversified into soft and hard technical and integrated facilities management, expanding its service offerings beyond in-flight catering operations.

Financially, Catering and Facilities has been a significant contributor to CATRION's revenue, historically accounting for 21%, a figure that rose to 25% in 2023, a testament to its commitment to diversified income streams in a post-pandemic landscape.

Strategic Diversification and Financial Growth

Catering and Facilities has adeptly managed surges in service requirements, notably evidenced by its adaptability to market changes and client needs to underscore its robust operational capabilities. The growth trajectory in the healthcare sector is substantial, with notable collaborations with the Ministry of Health and private healthcare providers. CATRION has also expanded into the private sector, focusing on staff and in-patient meal services, leveraging the expertise of nutritionists and dietitians.

Additionally, CATRION's footprint in on-shore facilities management, especially at drilling stations across 27 locations, has expanded significantly. A key milestone is the 20-year contract with Red Sea Global for integrated facilities management, marking the Company's entry into giga-projects. In 2023, the division distributed 21.9million meals, demonstrating operational efficiency and market relevance.

Expanding Market Reach and Securing Key Contracts

Prequalification for MoH tenders have opened doors to challenging segments, leading to major contracts secured in 2023. These include engagements with the NEOM giga project, a significant agreement with Ma'aden mining, a contract with SATCO's construction camp, and a new contract with the Saudi Railway Company, showcasing the Company's expanding market reach and operational excellence.

Growth and Diversification

In 2023, Catering and Facilities maintained a high client satisfaction rate and achieved a bid conversion rate of approximately 36%, surpassing expectations for B2B service providers. Despite inflationary pressures, competitive margins were maintained while providing value-added solutions to clients. Revenue and net profit saw significant increases, with 38.1% and 59.6% growth respectively from the previous year.

CATRION is excited about the future prospects of Catering and Facilities and remain dedicated to delivering exceptional value to our shareholders, clients, and stakeholders.

Culinary Excellence

Central Production Unit (CPU)

The Central Production Unit (CPU) is a fundamental pillar in the company's expansive production operations, underscoring its significant role in large-scale manufacturing. Located in Riyadh, the CPU is a hub of efficiency, producing a substantial volume of frozen meals, pre-cut fruits, vegetables, smoked products and other products.

The company's Central Processing Unit (CPU) plays a marginal role in preparing economy-class meals for Saudia and several other airlines, demonstrating the company's extensive capability in large-scale food production. The company's operations have expanded beyond the aviation sector, collaborating with the health sector to provide nutritious meal options for over 150 hospitals.

This collaboration signifies a remarkable output of approximately 450,000 meals each month. In line with its growth strategy, the company is focused on extending these services to additional government entities, thereby broadening its scope and impact.

Additionally, in the private sector, the company's CPU unit has ventured innovatively into the retail food market. A significant achievement in this area is developing a new line of ready-to-eat meals for Panda supermarkets, as well as Savola Group diversifying its offerings and responding to the growing consumer demand for convenient, quality food options. This method development approach is vital to CATRION's successful engagement, focusing on the innovative creation of menus and food items across diverse market segments.

VIP and Commercial Unit

The rebranding to "CATRION" has transcended the company's image beyond being just an airline caterer, enabling a seamless expansion into diverse market segments. CATRION's strategic engagements with embassies and corporate businesses and notable presence in prestigious events like Cirque du Soleil and the Red Sea Film Festival have markedly diversified and bolstered its market standing. The company's VIP and Commercial Division, renowned for its high-end, customized catering services, caters to an exclusive clientele, including embassies, high-profile events, and distinguished individuals. The company's corporate portfolio has added some outstanding events, showcasing their versatility and expertise. This includes the dynamic Cirque du Soleil, an exhilarating tennis tournament, and engaging action and music events at various embassies as well the World Jewellery Show.

Additionally, the company proudly catered to the prestigious Red Sea Film Festival in Jeddah, highlighting its capability to handle diverse, high-profile events. This division, rooted in personal connections and a rich history of hosting events for eminent figures, has significantly enhanced CATRION's prestige in luxury catering. By consistently setting new standards in luxury catering and event management, CATRION has cemented its status as a symbol of sophistication and excellence. The VIP and Commercial division's focus on serving elite clientele, including at grand events and to royalty, has been instrumental in advancing CATRION's acclaim in delivering top-tier, luxurious catering experiences.



Academy Division

The Academy Division at CATRION epitomizes the company's dedication to enhancing talent development. Through its customized training programs, this division plays a pivotal role in upgrading the skill set of CATRION's workforce, aligning with the company's high operational standards.

These efforts position CATRION at the forefront of culinary education and training. The establishment of CATRION's culinary academy, a first in its 42-year history, to train 4,000 student chefs over the next five years, and the specialized training provided to over 1,000 employees further underlines the company's commitment to fostering talent. This strategic move, in sync with the company's stringent standards and expansive global culinary network, cements CATRION's reputation as an industry leader in culinary education.

The forthcoming collaboration with World Chefs and the opportunity to connect with a worldwide network of 12 million chefs, including esteemed Michelin global Star chef trainers, is a testament to CATRION's unwavering focus on nurturing world-class culinary talent, ensuring excellence in food quality and consistency.

4k
Student chefs

1k
Employees

12M
Worldwide of chefs

Laundry Service Unit



CATRION's Industrial Laundry division has significantly enhanced its operations, playing a vital role in the hospitality and healthcare sectors, particularly in servicing prestigious clients like Saudi Airlines. With a strong focus on large hotels in Jeddah's Makkah region and diverse services in Riyadh, including uniform and hospital laundering, the division has been instrumental in CATRION's strategic diversification.

Despite the challenges of operating at full capacity, the unit showed remarkable resilience in 2023, surpassing pre-pandemic service levels and securing lucrative new contracts worth millions in SAR.

The division's success is also a testament to CATRION's commitment to sustainability. By employing eco-efficient machines that use only 7.5 litres of water per kilogram of laundry, CATRION significantly reduces water and energy consumption. This efficiency reduces the need for steam and fuel in steam generation, and eco-friendly detergents minimize environmental impact.

This sustainable approach has been essential in servicing both Jeddah and Riyadh clients, contributing to the division's profitability and reinforcing CATRION's commitment to environmental responsibility. The achievements of the Saudi Laundry Services unit in 2023, including the signing of new contracts and maintaining high service levels, highlight its ability to expand its client base and efficiently meet the market's growing demands, all while upholding CATRION's standards for sustainability and quality.



Corporate and Support Services Division

Corporate and Support Services continued to deliver vital support functions for CATRION's business lines through its Health, Security and Standards Control (HSSC), Procurement and Strategic Sourcing (PandSS), Information Technology, and Legal Affairs and Compliance divisions. Corporate and Support Services within a

company like CATRION play a crucial role in ensuring the smooth and efficient operation of the entire organization. These services are the company's backbone, providing essential support and resources to various divisions. CATRION has structured itself into distinct division units, each vital to its overall success and strategic direction.

Health, Security and Standards Control (HSSC)



CATRION's Health, Security, and Standards Control (HSSC) Division is dedicated to the highest quality and food safety standards, seamlessly integrating local and international guidelines across its diverse business sectors. This division, crucial to CATRION's operations, encompasses aviation catering, healthcare, and events, focusing on exceptional food safety and hygiene standards. In 2023, the HSSC Division excelled in implementing rigorous monitoring systems, adhering to world-class standards, and achieving significant milestones, including passing various ISO audits and earning the prestigious FSSC 22000 certification. Its Central Lab has been instrumental in these accomplishments, pioneering innovative shelf-life studies and analysis methods.

The HSSC division at CATRION is unwavering in its commitment to maintaining the highest quality and food safety standards. This commitment spans the entire value chain, with the division implementing local and international food safety and quality standards and meeting specific customer requirements. CATRION's reach encompasses all its business segments, with the HSSC division overseeing various aspects of the value chain through departments like Hygiene and Food Safety, Regulatory Affairs, Central Laboratory, and more. The company is dedicated to achieving excellence in all areas, firmly upholding its commitment to quality and safety.

CATRION's HSSC division has a proven track record in Quality, Food Safety, and Hygiene, exceeding regulatory and government standards. The division provides comprehensive food safety systems across diverse sectors, including aviation catering, healthcare, and events. In 2023, the HSSC division focused on creating value for the business while prioritizing the safety and interests of its people and customers.

CATRION delivered world-class standards across all its business lines through dedicated monitoring and assessment systems. CATRION has successfully obtained various ISO certifications including HACCP (Hazard Analysis and Critical Control Points) certification. This achievement highlights CATRION's dedication to maintaining the highest safety standards in its production processes by systematically identifying and mitigating potential physical, chemical, and biological hazards to ensure the safety of its food products, showcasing its adherence

to the highest levels of quality and safety in its operations. Additionally, CATRION successfully underwent a government audit in its kitchens, further affirming its dedication to maintaining top-notch food safety and hygiene standards.

The division has established and ensured the implementation of enterprise risk management and business continuity processes in compliance with ISO 31000, COSO, and ISO 22301. CATRION's laboratory is integral to its operations, performing various analyses that ensure food safety and customer satisfaction. In a significant display of productivity and precision, the laboratory analyzed over 9,700 food and water samples, underlining its capacity and commitment to maintaining high safety standards.

48%

Increase in Lab Revenue

43.5%

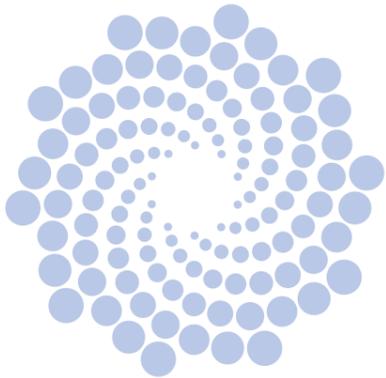
Decrease in ramp accidents

The laboratory's efficiency and effectiveness have also translated into substantial financial success, with a remarkable 48% increase in revenue. This growth reflects not only the laboratory's operational excellence but also its contribution to the overall success of CATRION. Regarding safety achievements, CATRION has made impressive strides, evidenced by a 43.5% decrease in ramp accidents.

This achievement speaks volumes about the company's dedication to creating a safer work environment and effectively implementing safety protocols. Moreover, the company has reported zero vehicle to aircraft accidents, a testament to the stringent safety measures and high standards maintained in its operations. This record of no aircraft-related incidents further establishes CATRION's commitment to ensuring the utmost safety in all operations.

Innovation and Inclusivity

In 2023, the HSSC division at CATRION achieved notable successes, passing external audits for several ISO standards and government audits by MOH and SFDA. The Central Lab played a key role in these achievements, conducting numerous shelf-life studies and establishing rapid analysis methods. CATRION's commitment to workplace equity was evident in 2023, demonstrated by renewing its GOLD status Mowaamah certification and ensuring full compliance with disability requirements. The Security and Safety teams have effectively streamlined operations and reporting processes.



The Medical Services team at CATRION has provided comprehensive healthcare to all staff and management, including preventive tests and managing health insurance coverage.

A significant achievement in 2023 was securing the FSSC 22000 certification under GFSI, reaffirming CATRION's dedication to food safety and quality.

The company's acquisition of a local content certificate and participation in the IKTIVA certificate process emphasizes its commitment to sustainable business practices. Furthermore, the HSSC division's engagement with academia and experts in the Food Safety Committee meetings highlights its dedication to continuous improvement.

In 2023, CATRION's Security division excelled in various security audits, while the Safety division achieved significant certifications and contributed to a remarkable decrease in ramp accidents and recordable incident rates. The company developed a comprehensive sustainability strategy, including a greenhouse database and carbon footprint assessment. The Medical Services team's efforts in conducting influenza vaccinations and managing many in-house patients have been crucial in reducing sick leave averages. CATRION's introduction of the QMS chatbot and participation in various workshops and seminars showcase its commitment to innovation.

Looking to 2024, CATRION aims to digitize all processes for improved analysis and record-keeping. The company plans to involve leaders in planned inspections to identify safety and security issues. CATRION is set to broaden the scope of its laboratory services by establishing a dedicated chemical section. This new division will enable the company to comprehensively test all samples for various chemicals, including heavy metals and pesticides in food. The introduction of this chemical section represents a significant expansion of the laboratory's capabilities.

New clinics and continuous training for medical staff and all CATRION employees are also part of the company's forward-looking strategy as it continues to elevate its operations and maintain exceptional service and safety standards.



Procurement and Supply Chain

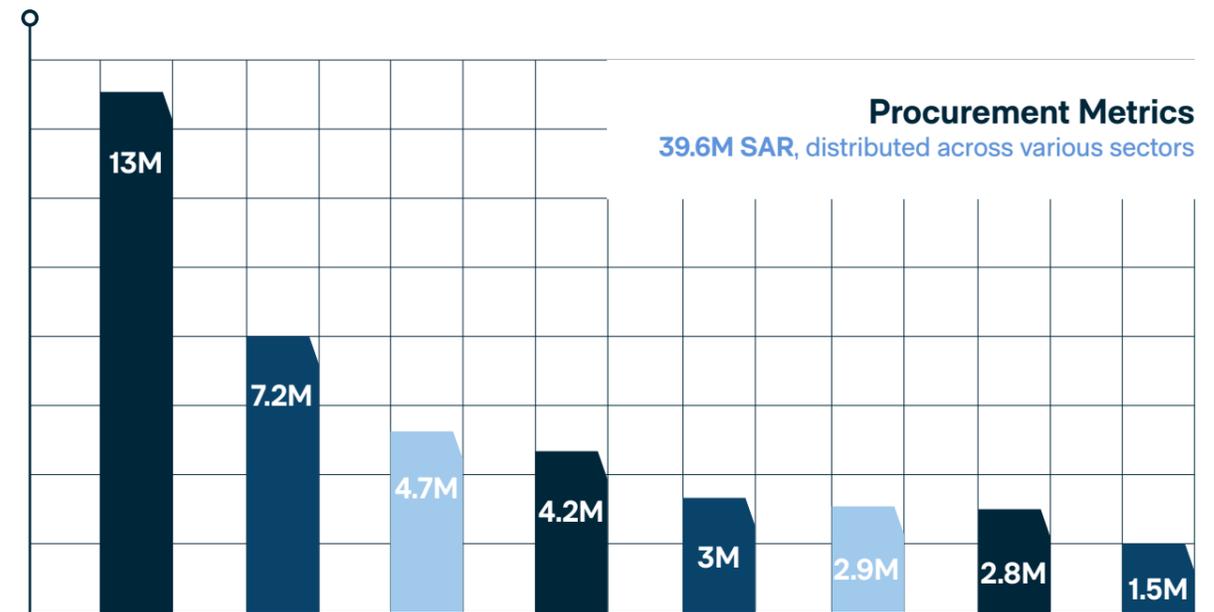
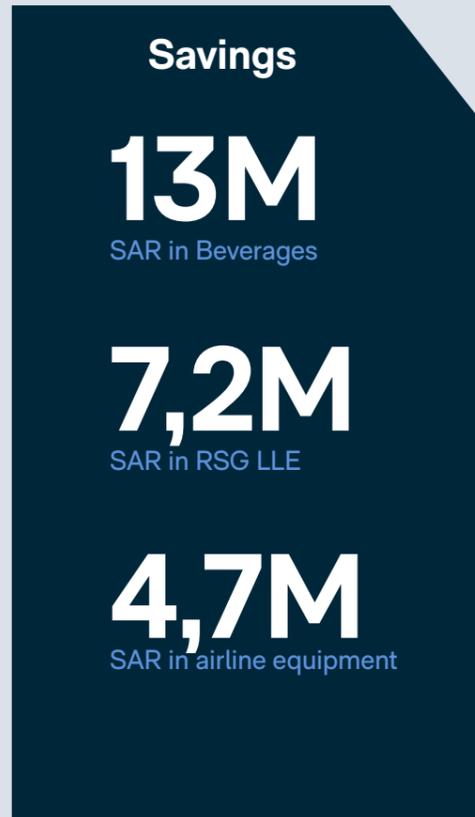
In 2023, CATRION's Procurement and Supply Chain division achieved remarkable success, realizing substantial savings totalling 39.6M SAR across various sectors. These sectors included Strategic Sourcing of Food and Beverages, Red Sea Global Long Lead Equipment (RSG LLE) Disposables and routables, Frozen Food, airline equipment, Technical Equipment, Services and Projects, and Logistics. Notable among these savings and cost avoidance were 13M SAR in Beverages, 7.2M SAR in RSG LLE, and 4.7M SAR in airline equipment. These figures reflect the division's strategic approach to cost management and its successful negotiation skills in various procurement areas.

They successfully implemented a mature SandOP process, significantly improving forecasting and decision-making accuracy. This advancement was further supported by staff training in premium certification from the Chartered Institute of Procurement and Supply (CIPS certifications), emphasizing the importance of continuous learning and skill development in procurement processes.

Introducing a Supply Relationship Management (SRM) department marked a strategic shift in enhancing supplier relationships, focusing on delivery performance and quality. The Procurement and Supply Chain division also undertook several initiatives to control prices amidst market fluctuations, including strategic hedging based on forecasts.

The foundation set by the division in 2023 was marked by impressive operational metrics, including the processing of 86,246 Purchase Orders (POS), managing a purchasing volume of 1.380b SAR, handling 1,178 RFP/RFQs, and dealing with 99 bids. Adding 210 new suppliers to their network signifies the division's expansive and dynamic approach to supply chain management. Moreover, the division's procurement of 32.5 tons of food and the introduction of 324 new items highlight its capacity to diversify and meet varied demands.

Efforts to diversify suppliers were a key focus, with a strategic move towards local and regional markets to mitigate risks and ensure continuous supply. This also involved working with local poultry suppliers in Saudi for development and expanding the supplier base for various items. Overall, 2023 was marked by strategic growth, operational excellence, and innovation in CATRION's procurement and logistics/ supply chain division, aligning with the company's broader goals and market dynamics. The division also emphasized building internal capabilities through staff training in procurement best practices.



Beverages: 13M SAR
RSG LLE: 7.2M SAR
Airlines Equipment: 4.7M SAR
Logistics: 4.2M SAR

Technical: 3M SAR
Disposables and Routable: 2.9M SAR
Frozen Food: 2.8M SAR
Services: 1.5M SAR

Purchasing and Bidding

86,246

POS Issued

1,178

RFP/RFQ Issued

99

Bids Issued

1.380 B

Total Purchase Value (SAR)

Supplier and Inventory Management

210

New Suppliers Registered

32,5

Total Food Procured (Tons)

324

New Items Introduced

IT Services and Support

In 2023, CATRION's Information Technology division played a crucial role in enhancing the company's productivity and fostering technological innovation. The focus was on boosting productivity, refining operational processes, embracing a culture of automation and digitization while maintaining the governance and cybersecurity compliance.

A major step in the IT strategy was the thorough evaluation and selection of ERP solutions tailored for essential departments like Finance, Human Resources, and Procurement. This evaluation was geared towards finding solutions that would streamline and integrate these departmental operations more effectively. The ambitious SAP project, which involved transitioning to SAP for HR, finance, and procurement modules, was a testament to this effort. This transition, planned for phase one completion in 2024, is progressing as per schedule and is a cornerstone of the division's strategy for integrated operations.

The introduction of comprehensive management information dashboards marked a significant improvement in management decision-making. These dashboards provided real-time access to critical data, including sales figures and growth trajectories, thereby enhancing the efficiency and effectiveness of managerial decisions.

Moreover, there has been a paradigm shift in the contribution of Information Technology within CATRION. IT has evolved to become a vital enabler of business. This change in mindset highlights the recognition of IT's critical role in introducing innovative services, features, and capabilities that were previously untapped. This proactive approach

has redefined the role of IT, positioning it as a strategic partner actively seeking ways to add value to the business and improve operational efficiency.

In the realm of digital innovation and IT solutions, CATRION's Technologies' IT Division has established itself as a leader, consistently pushing the boundaries of technological possibilities. The division's recent achievements are a clear indication of their commitment to excellence, security, and forward-thinking strategies. These efforts have not only enhanced the company's technological capabilities but have also positioned CATRION at the forefront of digital transformation in its industry.

- 1 **TMS Project (Traffic Management System):** Complemented with GPS tracking, the Traffic Management System project represents a major leap in digitizing and automating traffic management and HI loader distribution, significantly enhancing operational accuracy and efficiency.
- 2 **Airline Material and Logistics Automation System (AMLAS) Project:** The AMLAS Project is a comprehensive initiative undertaken by CATRION to manage equipment and stock allocation in aviation stations inside and outside the kingdom. It encompasses equipment checklist management, station equipment allocation, and stock management, including automated stock receipt and adjustments. This project significantly enhances operational compliance, efficiency, and accuracy.
- 3 **Nutritics Integration:** The integration of Nutritics into CATRION's systems provides valuable nutritional and allergen information for raw materials and products, aligning with customer demands for food and health compliance and streamlining recipe and product information management.
- 4 **AI and Advanced Analytics Data Warehouse Initiative:** The rollout of a central data warehouse, equipped with sophisticated analytics and AI capabilities, marks a strategic move towards empowering business units to make informed, data-driven decisions, fostering innovation and responsiveness.
- 5 **Robotic Process Automation (RPA):** The adoption of RPA in CATRION's Finance and IT division showcases the company's innovative approach to automating repetitive tasks. This technology is anticipated to enhance accuracy, efficiency, and reporting frequency, resulting in considerable time and cost savings.
- 6 **POS Transaction Monitoring Dashboard:** CATRION's introduction of a sophisticated POS Transaction Monitoring Dashboard in 2023 signifies a substantial advancement in sales transaction management. This tool, integrated with the POS Application, streamlines transaction monitoring, providing real-time insights and enhancing transactional efficiency across CATRION's operations.
- 7 **AI Chatbot for Quality Management System:** The launch of the QMS AI Chatbot, built on ChatGPT technology, marks a pivotal advancement in CATRION's digital infrastructure. This tool facilitates efficient interaction with the Quality Management System, offering smart search capabilities, multi-language translations, and simplified policy and procedure navigation.
- 8 **HR Recruitment Digitization:** The implementation of a new Recruitment Tracking Solution signifies a major step in CATRION's digital transformation journey. This system streamlines the HR recruitment process, providing end-to-end insights and data-driven decision-making capabilities, thereby enhancing overall recruitment efficiency.



- 9 First Live IT DR Drill (Disaster Recovery): The successful execution of CATRION's first full-scale IT Disaster Recovery drill is testament to the company's robust IT disaster preparedness and commitment to business continuity.
- 10 ZATCA Phase II Compliance: CATRION's effective implementation of invoicing solutions compliant with ZATCA Phase II regulations demonstrates its commitment to adhering to the latest tax compliance mandates, ensuring operational excellence.
- 11 Digitalization using the Power Apps: The digitalization of manual processes using PowerApps is a significant step towards digitization, enhancing data accessibility and automating data entry processes across various operational aspects. This initiative has resulted in considerable benefits in terms of time savings, accuracy, and productivity.
- 12 Taste Evaluation System: The introduction of an in-house Food Evaluation and Ranking System is a significant technological advancement in CATRION's food quality assessment protocols, offering efficient data processing, automated analysis, and real-time insights.
- 13 Document Management System: The implementation of the Enterprise Document Management System is a key element of CATRION's digital transformation, enhancing document security, storage, and retrieval processes, and supporting the company's move towards a paperless work environment.



Modernizing CATRION's Infrastructure: Embracing SD-WAN Technology.

In our relentless pursuit of excellence, CATRION's Technology offering is spearheading a comprehensive transformation of our network infrastructure landscape. This strategic initiative aims to usher in the latest advancements, ensuring seamless connectivity, scalability, and agility.

Our focus extends beyond the present—enabling both existing operations and future expansion plans, including robust cloud computing capabilities.

Cybersecurity Compliance and IT Governance

CATRION's cybersecurity and IT governance strategy is characterised by a solid commitment to digital security and resilience, underpinned by several strategic and tactical initiatives. Forming a dedicated cybersecurity department, distinct and autonomous from the IT department, represents a significant structural change. This decision effectively mitigates conflicts of interest between operational efficiency and compliance requirements. It also elevates the organisation's cybersecurity to a strategic level, ensuring its integration into CATRION's core decision-making processes.

In 2023, CATRION's substantial investment in advanced cybersecurity solutions, technologies, and services highlighted its proactive stance in defending its technological and informational assets. This approach is particularly vital given the rapidly evolving nature of digital threats in the current landscape. The company's alignment with international standards and frameworks, such as ISO 31000 for Risk Management, COSO principles, and the COBIT framework, demonstrates a thorough and systematic approach to risk management and cybersecurity. Adherence to these globally recognised best practices is crucial for effective risk handling and governance.



A notable achievement for CATRION was the significant improvement in compliance with the National Cybersecurity Authority's standards, progressing from 30% in 2022 to 70% in 2023. This improvement, attributable to the effectiveness of the new Cybersecurity unit, has increased stakeholder and client trust, highlighting CATRION's strong dedication to safeguarding its digital infrastructure. Implementing the ITIL framework for IT service management is a strategic move to standardise and enhance IT services. This framework streamlines IT service management, ensuring better alignment with business objectives and efficiency.

Additionally, the successful execution of a critical systems disaster recovery drill underscores CATRION's preparedness for potential IT disruptions. This demonstrates the robustness of their IT systems and the effectiveness of their contingency plans and resilience strategies.

CATRION's comprehensive approach to cybersecurity and IT governance is a leading example for organisations seeking to strengthen their cybersecurity posture. It shows a deep understanding of the critical role of digital security and operational resilience in the modern business environment.

As CATRION looks to the future, it is notably centred on reinforcing cybersecurity while also placing a significant emphasis on IT Governance. This focus underscores CATRION's commitment to establishing a resilient and compliant digital infrastructure that aligns with both internal objectives and external regulatory requirements.

CATRION's future strategy, by integrating cybersecurity with IT Governance and emphasising Governance Compliance, positions the company as a leader in digital resilience. This comprehensive approach safeguards against digital threats and ensures that IT operations are aligned with business objectives and regulatory requirements, demonstrating a forward-thinking and holistic approach to managing the digital landscape.

Cybersecurity and IT Governance Integration: CATRION recognises that effective cybersecurity is not just about technological solutions but also about integrating them within a robust IT governance framework. This integration ensures that cybersecurity efforts are aligned with business goals, compliance requirements, and risk management strategies. IT Governance provides the necessary structure for decision-making regarding IT resources, investments, and priorities, ensuring that cybersecurity measures are not just reactive but are a strategic part of the company's overall operations.

Enhanced Focus on Governance Compliance: In its pursuit of excellence in IT Governance, CATRION is committed to adhering to and exceeding industry standards and regulatory requirements. This involves complying with existing cybersecurity laws and regulations, anticipating future changes, and preparing accordingly. By maintaining a dynamic approach to governance compliance, CATRION ensures its cybersecurity strategies are always ahead of the curve, reducing risks and fostering stakeholder trust.

Refinement of ITIL Processes in Governance: CATRION's strategy includes a continued emphasis on refining ITIL processes, which is critical for effective IT Governance. These processes provide a framework for managing IT services in alignment with business needs while ensuring that these services are delivered compliantly, efficiently, and securely. Improving ITIL maturity will enable CATRION to manage its IT resources better, align IT services with strategic objectives, and incorporate cybersecurity considerations seamlessly into its service delivery.

Investment in Advanced Technologies and Training: Recognising the rapidly evolving nature of digital threats, CATRION invests in advanced cybersecurity technologies. This is complemented by a strong focus on training and developing a skilled workforce capable of effectively implementing and managing these technologies within the governance framework. Such investments are crucial for enhancing CATRION's cybersecurity defences and ensuring that the organisation stays at the forefront of technological advancements.

Proactive Compliance and Risk Management: CATRION's future outlook also includes a proactive approach to compliance and risk management within its IT Governance model. Regular compliance audits, risk assessments, and continuous monitoring of IT processes will be integral to this approach. This proactive stance ensures that CATRION can quickly adapt to new threats and regulatory changes, maintaining a secure and compliant IT environment.





Risk Management

CATRION is committed to establishing a risk governance structure that ensures the proper identification and reporting of risks to avoid and minimize factors that may potentially limit the Company's ability to achieve its strategic objectives. This structure helps to identify and mitigate risks by planning, monitoring, and controlling activities across its segments, divisions, and operations. Risk Management is integrating corporate

culture, capabilities, and practices at all levels of an organization, as well as strategy-setting and effective execution, to manage risks to create, preserve, and realise value. CATRION's Board of Directors is ultimately responsible for Risk Management in the Company, setting the corporate culture and tone at the top through a comprehensive Risk Management program. The Board also assesses and approves our overall risk appetite.

- Making a robust assessment of emerging and principal risks;
- Monitoring Risk Management and internal controls; and
- Promoting a risk-aware culture.
- Enhance CATRION Management's ability to anticipate, adapt, and respond to changes.
- Provide CATRION's Board and Management with the risk information they need to make more informed decisions.
- Define risk roles and responsibilities explicitly.
- Provide the platform for leveraging risk information in strategic planning and critical processes.
- Improve CATRION's reputation and public confidence.
- Enable a better understanding of risk fluctuations throughout the organization, providing comparability over time.
- Develop and implement appropriate risk mitigation and monitoring plans by risk owners.
- Identify and assess risks that could negatively impact achieving CATRION's goals and objectives.
- Ensure appropriate risks are taken within CATRION's stated Risk Appetite.

Risk Management Committee

Recognizing the critical importance of risk management, CATRION Management established the Risk Management Committee to oversee risk management activities at the organizational level. It's important to note that the purpose of Risk Management is not to eliminate all risks. Instead, it aims to minimize the potential negative consequences of risks by collaborating with all stakeholders to make informed and strategic risk decisions. The role of the Risk Management Committee is to assist CATRION Management in its oversight of the effectiveness of company-wide risk management practices.

The Risk Management Committee fulfils its role through the following activities:

- Overseeing risk appetite and tolerance appropriate to each business segment, considering the risk policy and strategy.
- Ensuring adequate processes and systems for identifying and reporting risks and deficiencies, including emerging risks.
- Supervising compliance with the stated risk appetite, policies, and procedures related to Risk Management governance and the risk controls framework.
- Monitoring the alignment of the risk framework with CATRION's growth strategy, fostering a culture of risk-taking within sound risk governance.
- Maintaining an overview of the key risk issues identified across the organization.
- The Committee comprises CATRION's executive management, led by the CEO, who serves as the Chair of the Committee.

The Risk Management Committee is consisting of the following executive team:

- CEO – Committee Chairman
- VP – HSSC (Co-Chair of Committee)
- EVP - CFO
- EVP – IFC
- VP – Catering and facility
- VP - Chief Audit Executive
- VP – Procurement
- VP - HR
- RMC Executive Secretary

Risk Management Framework

Integration:

- Determining management accountability and oversight roles and responsibilities.
- Ensuring Risk Management is integrated into all aspects of the organization.



Design:

- Understanding the organization and its internal and external context.
- Articulate risk management commitment and allocate resources.
- Establishing communication and consultation arrangements.



Implementation:

- Developing an appropriate implementation plan, including deadlines.
- Identifying where, when, and how decisions are made and by whom.
- Modifying the applicable decision-making processes where necessary.



Evaluation:

- Measuring framework performance against its purpose, implementation, and behaviours.
- Determining whether it remains suitable to support the achievement of objectives.



Improvement:

- Continually monitoring and adapting the framework to address external and internal changes.
- Taking actions to improve the value of Risk Management.
- Improving the suitability, adequacy, and effectiveness of the RM framework.



Risk Management Process

Communication and consultation:

- Bringing different areas of expertise together for each step of the RM process;
- Ensuring different views are considered when defining risk criteria and evaluating risks;
- Providing sufficient information to facilitate risk oversight and decision-making;
- Building a sense of inclusiveness and ownership among those affected by risk.

Risk evaluation:

- To support decisions by comparing the risk analysis results with the established risk criteria to determine the significance of risk.

Risk treatment:

- Selecting the most appropriate risk treatment option(s);
- Designing risk treatment plans specifying how the treatment options will be implemented.

Monitoring and review:

- Improving the quality and effectiveness of process design, implementation, and outcomes;
- Monitoring the RM process and its outcomes, with responsibilities clearly defined;
- Planning, gathering, and analyzing information, recording results, and providing feedback;
- Incorporating the results in performance management, measurement, and reporting activities.

Scope, context and criteria:

- Defining the purpose and scope of Risk Management activities;
- Identifying the external and internal context for the organization;
- Defining risk criteria by specifying the acceptable amount and type of risk;
- Defining criteria to evaluate the significance of risk and to support decision-making.

Risk assessment:

- Risk identification: To find, recognize, and describe risks that might help or prevent the achievement of objectives and the variety of tangible or intangible consequences.
- Risk analysis: To analyze the nature and characteristics of risk, including the level of risk, risk sources, consequences, likelihood, events, scenarios, controls, and their effectiveness.

Recording and reporting:

- Communicating Risk Management activities and outcomes across the organization;
- Providing information for decision-making;
- Improving Risk Management activities;
- Providing risk information and interacting with stakeholders.

Risk Appetite

Risk Appetite is the extent of risk CATRION is ready to accept to achieve its objectives. It differs according to each strategic objective and risk category. CATRION's risk limits are set out in the following risk appetite statements. CATRION is committed to executing all strategic initiatives to achieve its corporate Vision and Mission. The Company's approach is to minimize its exposure to risks relating to its regulatory and compliance responsibilities, operations, and people whilst accepting and encouraging increased risk in pursuing its

Vision and Strategic Objectives. In addition, it is fully committed to protecting its assets and a high retention rate of its employees by satisfying their needs to maintain business continuity. It does not tolerate risks to ethics or quality. CATRION recognizes that its Risk Appetite varies according to the activity undertaken and that its acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before developments are authorized and that appropriate measures to mitigate risks are established, where required.

Risk Universe



Risk Universe

CATRION's Risk Universe illustrates the specific risk environment in which the Company operates, framing key sources of risk to which CATRION may be exposed. This represents the minimum scope of application of CATRION's Risk Management processes, which consists of eight principal risk categories: Strategic, Reputational, People, IT and Cybersecurity, Regulatory, Governance, Financial, and Operational Risks. CATRION continuously reviews and updates its Risk Universe to represent its strategic and operating environments accurately.

The Company anchors each identified risk in the relevant risk category to enable decision-makers to contextualize and understand the interrelationships between CATRION's activities and associated risks. Risks need to be identified and understood in advance to be effectively managed. Risk treatment and mitigation plans must be established, and continuous follow-up must be in place for related controls. Consequently, Risk Management is essential to CATRION's strategic and operational management.

Risk Category	Appetite	
Strategic Risks	Low	Risk Appetite for the Risks associated with CATRION's strategy, as well as to its value, priorities, and implementation. Strategic risks are linked to decisions at the enterprise level, and the implementation of those decisions and resources that are devoted to the implementation of the strategies. It also includes responding to changes in the internal and external environment. Sound strategic Risk Management is critical to ensure its sustainability with the service and its ability to continue working independently and effectively. Accordingly, CATRION intends to remain fully aligned with all strategic initiatives related to its Vision and Mission.
Reputational Risks	Low	Risks associated with CATRION's reputation being negatively impacted, thereby hindering the accomplishment of strategic tasks and objectives. Reputational risk is inherent in all activities of CATRION and includes factors such as employee conduct, human resources practices, supervision, legal decisions, policy decisions, financial responsibility, and information security. A reputation risk assessment should consider the department's culture, problem escalation, responsiveness, and communication strategies.
People Risks	Moderate	Risks associated with talent management, recruitment, training, talent retention, career and leadership development, succession planning, performance management, and compensation. Human Resources risks also include compliance with labour laws, work procedures, and safety regulations. CATRION conducts many initiatives and employee programs to mitigate such risks.
IT and Cybersecurity Risks	Low	Risks associated with the ability of systems to meet users' requirements and manpower support. These risks are also associated with technological innovation. CATRION has undertaken many initiatives to comply with the National Cybersecurity Authority (NCA) and to reduce any Cybersecurity Risk.
Regulatory Risks	Zero Tolerance	Risks associated with CATRION not fulfilling its obligations under the law. Regulatory risks are inherent in all activities and decisions, and may involve factors such as supervision, policy decisions, employee conduct, and human resources practices, as well as contractual obligations. Coordination among the different departments and other regulatory and governmental bodies is also important for the identification and management of Legal Risks.
Governance Risks	Zero Tolerance	Risks associated with conflicts of interest among staff, maintenance of proper revisions and updates of the Corporate Governance manual, and adherence to the Company's Business Code of Conduct and Code of Ethics.
Financial Risks	Low	Risks associated with the impairment of financial resources due to adverse economic conditions and the inefficient use of resources or increased expenditures, may hinder the ability to achieve CATRION's objectives.
Operational Risks	Moderate	Risks related to internal controls, employee conduct, operational efficiency, third-party controls, physical security, and business continuity planning. Operational Risks to service are also associated with Financial Risks, as they represent the main operations of the Company.

Principal Risks and Mitigation

The following describes and provides high-level mitigation approaches to some of the most important risk areas across CATRION.

Financial Risks

Cash Flow and Interest Rate Risk:

- As CATRION has no significant interest-bearing assets, the Company's income and associated operating cash inflows are substantially independent of changes in market interest rates. CATRION has no interest-bearing liabilities either.

Credit Risk:

- Credit Risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to CATRION. The Credit Risk arising from cash and cash equivalents and from deposits with banks and financial institutions, is limited because the counterparties are banks and financial institutions which, in general, have investment-grade ratings assigned by international credit rating agencies. CATRION monitors third- and related-party trade receivables continuously and has a policy in place to manage and collect overdue receivables. Due to its proper monitoring and appropriate provisioning, management does not anticipate any additional losses due to client non-performance.

Liquidity Risk:

- Prudent Liquidity Risk management includes maintaining sufficient cash and available funding from an adequate number of committed credit facilities. CATRION ensures flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. The management team monitors the risk of a shortage of funds by continuously reviewing short-term cash forecasts and using mid-term cash forecasts throughout the year.

Strategic Risks

Business Environment Risk:

- Business cycles in the economy and in customer markets influence the demand for CATRION's products, as well as its financial condition and operating results. Some areas of the business could be affected by adverse changes in economic conditions and employment levels. The Company's diversification strategy provides stability with respect to cyclical markets.

Market and Customer Risk:

- CATRION's business relies on securing and retaining a diverse range of clients in various industry segments. Despite this diversification, its business still relies largely on its relationship with Saudia, so any adverse development affecting the airline could have a negative impact on CATRION. The Company has strategies to strengthen long-term relationships with clients and consumers based on quality, value, and innovation. The diversification strategy ensures that CATRION does not rely on a particular sector, geography, or set of clients.

Global Political Risk:

- The airline industry is global and is hence dependent on political and economic developments, not only in the Kingdom of Saudi Arabia but worldwide. CATRION's businesses are largely dependent upon the airline industry and may be impacted adversely by negative global events and trends. CATRION works to anticipate and contribute to important changes in public policy when possible.

IT and Cybersecurity Risks:

- Information Technology and Cybersecurity Risks related to CATRION's internal operations are constantly identified and mitigated using network security, endpoint protection, access Risk Management, and vulnerability management. The IT department monitors internal threat exposure levels with vulnerability-scanning capabilities and coordinates responses to identified cybersecurity incidents. The management team also closely monitors CATRION's information security capabilities. The Company relies on a variety of IT systems to manage and deliver services and communicate with clients, consumers, suppliers, and employees. The management team focuses on maximizing the effectiveness of information systems and technology as a business enabler while minimizing resulting costs and exposure. CATRION actively identifies and responds to Cybersecurity Risks. Cybersecurity strategy work and implementation will continue over the coming years.



People Risks

Recruitment Risk:

- Failure to attract and recruit people with the right skills at all levels could limit CATRION's success. The Company faces resourcing challenges in some of its businesses due to a lack of industry experience among candidates, finding appropriately qualified people, and the seasonal nature of some of its businesses. It aims to mitigate this risk using efficient, time-critical resource management, mobilizing existing experienced employees, and providing appropriate training and development programs.

Retention and Motivation Risk:

- Retaining and motivating the best people with the right skills at all levels of the organization is vital to CATRION's long-term success. The Company has established training, development, performance management, and reward programs to retain, develop, and motivate its people. Effective communication channels help the senior management team to monitor, understand, and respond appropriately to employees' needs.

Operational Risks

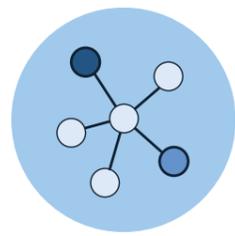
Hazard Risk:

- The Company's occupational health and safety systems and crisis management guidelines are designed to protect its employees. Appropriate insurance is in place for all personnel. CATRION operates at all major airports in industrial-size catering units, two laundry plants, and numerous other smaller premises, including catering outlets, retail shops, lounges, industrial sites, on-shore oil rigs, Hospitality, Railway Catering, etc. CATRION leases the majority of its sites. During operations, CATRION is exposed to risks in areas such as occupational health, employee safety, environment, fire, natural events, and site security. The Company manages these risks with established management procedures and loss prevention programs. Risks that cannot be directly influenced are transferred, where feasible, to insurance companies. CATRION established a number of guidelines and procedures to respond to the COVID-19 pandemic across all areas of its businesses.

Service Delivery and Contractual Compliance Risk:

- CATRION has a large number of contracts with many clients. Failing to comply with contractual terms and conditions could lead to a loss of business. The Company has processes in place to ensure that it meets the required standards and that it complies with the contractual terms and conditions.





CATRION Sustainability

CATRION is deeply committed to sustainability and corporate social responsibility (CSR). Sustainability isn't just a strategy, but a guiding principle that shapes our actions and decisions.

Our company strives to reduce its environmental impact, establish a sustainable supply chain, and implement CSR initiatives that are impactful. It is important to us to focus on the well-being and development of our employees, as well as to make a positive impact on the communities we serve.

Sustainability is a core principle at CATRION, and we have adopted the United Nations Sustainable Development Goals and how they can be achieved through the improvement of environmental performance and the promotion of sustainable industrialization and innovation. As a result of our approach, we are better able to prioritize our business and determine where we need to improve and measure performance.

CATRION Sustainability Strategy

CATRION has partnered with KPMG to create an ESG Strategy that outlines the building blocks for developing an ESG maturity, gaining insight into peers' ESG efforts and best practices, and prioritizing a list of critical material topics to be addressed by CATRION in the future. It is based on insights and findings that have been gathered from previous experiments that foundations for the strategy have been developed.

As part of CATRION's approach to ensuring effective sustainable development implementation, four core ESG pillars were defined in order to structure our approach. To drive ESG ambitions key focus areas aligned with CATRION's prioritized material topics were defined, to ensure the strategic focus was streamlined to areas that are critical to CATRION.

In order to drive sustainable development throughout CATRION and The Kingdom over a period of time, a series of strategic initiatives and KPIs have been curated, based on what was learned from these strategic initiatives. These initiatives will be implemented over time and effectively monitored to ensure their effectiveness.

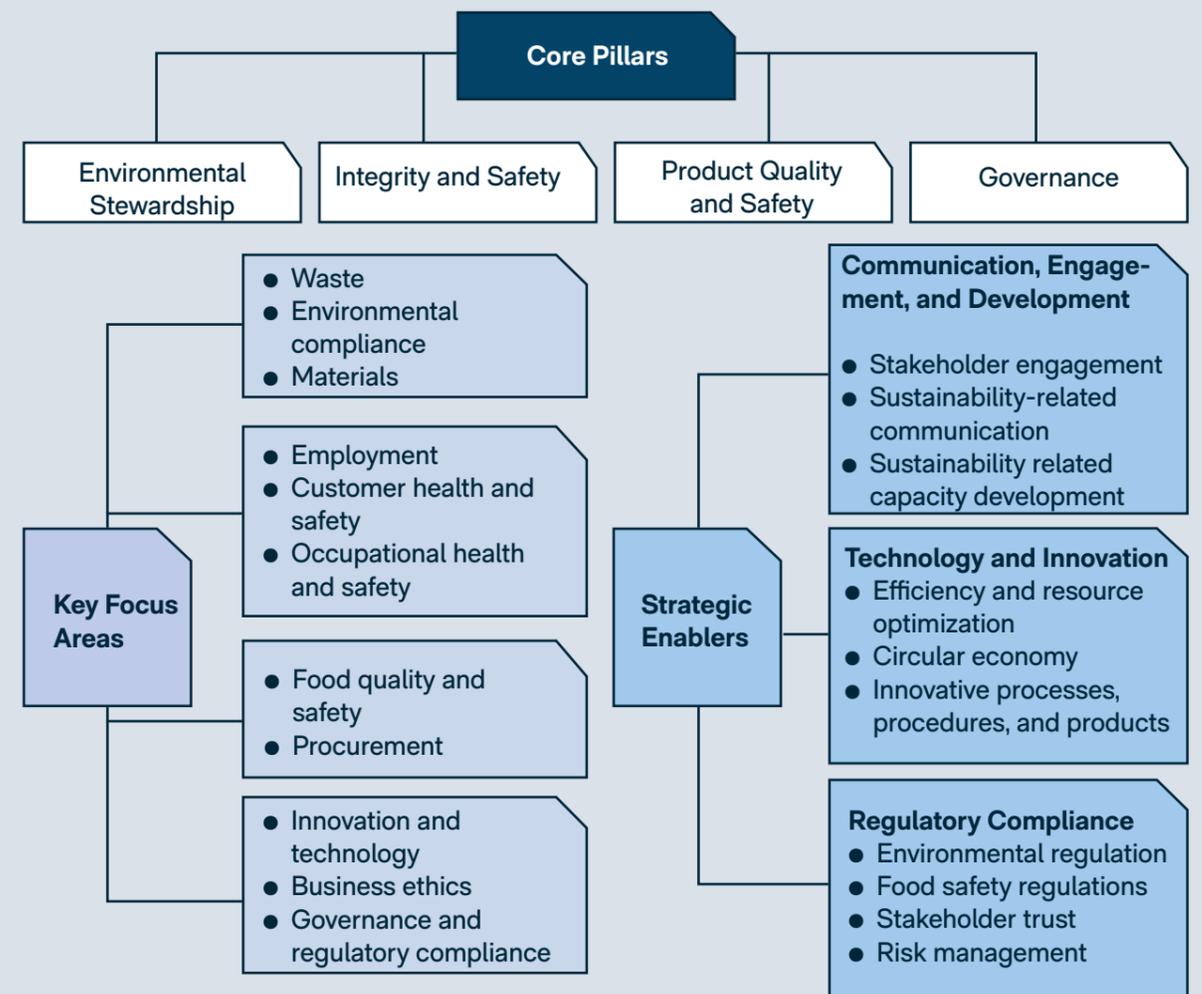
CATRION Sustainability Strategy

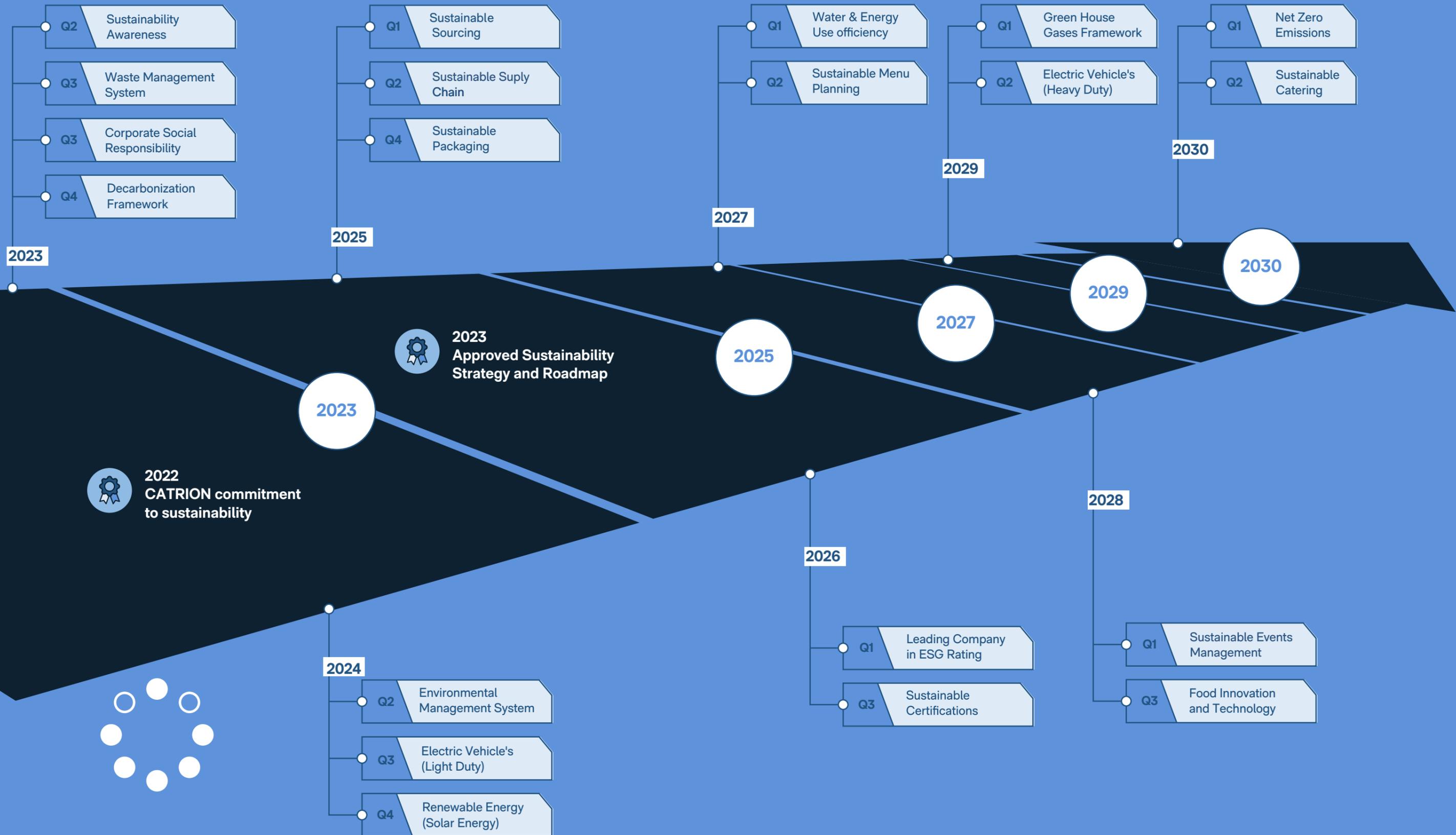
Objectives

- Integrate sustainability into the supply chain by collaborating with environmentally and socially responsible suppliers.
- Follow eco-friendly operations, including energy and water conservation, waste reduction, recycling, and the use of sustainable products.
- Invest in RandD for sustainable products, reduce packaging waste, and enhance product durability and recyclability.
- Actively seek customer input to customize products and services, ensuring a personalized and satisfying experience.
- Provide open and transparent information on sustainability initiatives, product origins, and ethical practices to empower customers to make informed decisions.
- Assess and enhance sustainability performance, customer satisfaction, and operational efficiency through meaningful goal setting.
- Prioritize employee training and development to foster a culture of empathy, innovation, and responsibility.
- Actively participate in social and environmental initiatives within the local community, collaborating with stakeholders to make a positive impact.

Vision

It is our goal to minimize our environmental impact and achieve a balance between economic growth and the preservation of natural resources. Our goal is to promote sustainability in the supply chain and enhance environmental practices throughout the organization.





CATRION's Commitment to Environmental Stewardship

Environmental Initiatives and Performance

CATRION's partnership with the General Authority of Civil Aviation of Saudi Arabia has been instrumental in advancing environmental sustainability in the aviation sector. By establishing internal environmental baselines, CATRION set measurable targets for emission reduction and resource optimization, contributing significantly to the sustainability of the aviation industry. Additionally, CATRION is dedicated to cultivating a sustainability-minded culture among its employees through regular training and awareness programs. These programs focus on educating staff about energy conservation, waste reduction, and sustainable working practices, ensuring that environmental consciousness is embedded in their operations.

An Environmental Management System (EMS) provide CATRION with information on its environmental performance and the ability to manage it through a comprehensive, systematic, cyclic, planned, and documented set of processes. In order to achieve EMS objectives, CATRION committed to continuously improve its environmental performance. It usually follows the Plan-Do-Check-Act cycle, which allows continuous monitoring of environmental performance and enables organizations to respond to issues and make corrections.

Waste Management and Eco-Friendly Practices

CATRION has made significant strides in sustainability, particularly through its collaboration with key suppliers, Saudia and Pepsi, to establish a robust recycling program. Emphasizing the use of biodegradable and eco-friendly products, the company is also pioneering the operation of six flights entirely equipped with sustainable materials and amenities in partnership with Saudia. In its waste management efforts, CATRION is reducing packaging materials and monetizing its food waste and packaging through recycling initiatives. Post-Covid, the company has intensified its focus on efficient waste management and eco-friendly practices, significantly reducing its carbon footprint and fostering a culture of sustainability. The company has implemented energy-efficient practices and water conservation across its facilities, including low-energy appliances and LED lighting.

Key initiatives include minimizing waste in laundry and catering services, prioritizing sustainable sourcing in supply chain practices, and implementing energy-saving measures across facilities. Additionally, CATRION is dedicated to paperless operations through automation, has signed agreements for electronic waste recycling, and is pioneering composting trials in the aviation industry, reinforcing its commitment to environmental responsibility. A key focus area has been minimizing waste in catering operations through recycling programs and efficient management of food waste. CATRION's commitment to sustainability is also evident in its supply chain practices, emphasizing sourcing from sustainable suppliers and procuring eco-friendly products. CATRION has eliminated paper usage in operational transactions by embracing automation. The company has signed a MoU with approved companies for electronic waste recycling (WEEE) at CATRION and identified over 400 items for recycling. Additionally, CATRION has initiated composting trials in the aviation industry, with plans to compost all organic waste generated in operations, further strengthening its dedication to environmental responsibility.



Solar-Powered Solutions and Technological Innovation

In a move towards sustainable technological integration, CATRION implemented solar-powered CCTV systems at the Red Sea Global project, showcasing a synergy between sustainability and innovation. The company's exploration of energy-efficient solutions and solar-driven machinery highlights its pioneering role in adopting sustainable practices within the industry. Further, CATRION's initiatives in transitioning to electric vehicles, harnessing solar power, and embracing digital solutions demonstrate a forward-thinking approach to minimizing environmental impact while enhancing operational efficiency. This includes a comprehensive analysis of transportation methods for supply delivery and exploring renewable energy options, underlying CATRION's commitment to sustainable development.

Social Contributions, Community Engagement, and Employee Well-being

Social Contributions and Community Engagement

CATRION's 2023 initiatives through the CATRION Academy exemplified its commitment to education and workforce development, significantly influencing local talent development. The company's active community outreach, including collaborations with the Saudi Food Bank and participation in the Qaderoon Network, underscored its dedication to social responsibility. These efforts have notably enhanced community welfare and contributed to food security, demonstrating CATRION's deep-rooted commitment to societal well-being.

CATRION participated as strategic members in Hackathon 2 Social Responsibility. Throughout the Hackathon we witnessed innovative ideas and serious efforts, and this ingenuity that was achieved contributes to the development of projects that effectively serve the community.

Sustainable Practices in Operations Management

The division's extensive sustainability initiatives showcased its commitment to environmental stewardship, from sourcing eco-friendly products to implementing energy and water conservation practices. A significant focus on waste reduction, offering sustainable menu options, and adopting green building practices depicted a holistic approach to sustainability. The shift towards more sustainable menu options, like plant-based dishes, underlined the division's efforts to reduce its carbon footprint and respond to evolving consumer preferences.

Employee Safety and Eco-Friendly Practices

In 2023, CATRION prioritized employee safety and hygiene training, integrating eco-friendly practices into its operations. This included reducing plastic use and implementing other environmentally conscious measures. The successful audits of the Security division and certifications obtained by the Safety division reflected a high standard of compliance and operational readiness. Furthermore, the expansion of Medical Services and a marked reduction in incident rates illustrated CATRION's focus on employee health and operational safety. Developing a comprehensive sustainability strategy, complete with environmental assessments and a roadmap leading to 2030, demonstrated CATRION's vision of embedding sustainability as a core aspect of its business ethos.

Security and Safety Achievements

The Security division's performance in 2023, validated through successful audits and the Safety division's attainment of key certifications, underscored a deep commitment to operational safety and compliance. CATRION's concerted efforts in expanding Medical Services and reducing incident rates indicated its dedication to employee health and well-being. A significant stride was made in developing a long-term sustainability strategy. This strategy encompasses environmental impact assessments and pursuing certifications, firmly anchoring environmental responsibility at the core of CATRION's future operations.

Training, Awareness, and Employee Development

CATRION's emphasis on training and awareness in 2023 played a crucial role in cultivating a culture of sustainability within the workforce. Employees were educated on best practices for energy conservation and waste reduction through online courses, workshops, and tutorials. Partnerships with educational institutions and programs like Tamheer highlighted CATRION's commitment to nurturing local talent and enhancing environmental awareness. The launch of the CATRION Academy and the training of over 1,000 employees underscored the company's dedication to education and workforce development.

People and Human Resources

In 2023, CATRION's Human Resources division successfully reversed the high attrition rate caused by pandemic lockdowns and travel restrictions. By focusing on recruiting Saudis and locally-based expatriates and outsourcing certain services, CATRION was able to fill 1,300 new positions, significantly exceeding its Saudization target of 32-33% by year-end. This achievement not only placed CATRION in the Government's high green zone but also set the stage for reaching the Platinum level. Despite the challenges of expansion, CATRION maintained the quality and competencies of its workforce, demonstrating resilience and adaptability in responding to market disruptions and safeguarding revenue. CATRION will announce its first sustainability report within the next month.

Governance



1. Director, Legal Affairs and Compliance Overview

The year 2023 was an important and pivotal year for the Company, marking a new chapter in its history. It witnessed significant achievements and radical changes in the Company's strategic direction.

After nearly four decades of being recognized as one of the largest national aviation catering companies later expanding into non-aviation sectors, in 2023 the company witnessed a transformation with its rebranding and commercial name change to CATRION CATERING HOLDING COMPANY, reflecting a comprehensive and forward-looking strategic vision aimed at achieving stability, balance, and economic growth through expanding its business activities.

In alignment with this, the Corporate Governance & Compliance Department, with all its members, played a crucial role in realizing the vision and goals of the company's higher management, in accordance with regulatory Laws and regulations. The company's Bylaws were updated to comply with the Companies Law and reflect the new identity of the company. The trademark was also registered and currently exercising global registration of its brand. Moreover, the Corporate Governance manual was updated in accordance with the regulations of the CMA.

Additionally, several subsidiary companies were established to serve the company's interests in operating various projects related to the company's strategic expansion plan. Two key projects for the Company were the entry into twenty-year Concession Agreements with the Red Sea Global (a PIF company) for the design, build, and operation of the central kitchen and laundry units in the Red Sea region, with an estimated value exceeding Nine Billion Saudi Riyals.

Thanks to the efforts of the Corporate Governance & Compliance Department, remarkable outcomes were achieved in terms of governance and compliance. This contributed to safeguarding the Company's interests and avoiding any potential penalties or risks over the past five years. As a result, the Company is now considered one of the leading companies in this field, enhancing sustainability and risk management.

We take pride in the role played by the Corporate Governance & Compliance Department in maintaining the Company's organizational and legal stability and protecting it from potential risks. We rely on the God's guidance to achieve our goals, adhering to our values of transparency, integrity, and discipline. We look forward to a promising future for our Company, guided by our strategic vision.

Abdelsalam Abdelrahman Rezk

Director, Legal Affairs & Compliance

2. Company's main activities

- In-Flight Catering
- Catering and Facilities

Activity	Revenue in SAR*	Percentage
In-Flight Catering	1,600,929,366	75%
Catering and Facilities	532,832,932	25%
Total reportable segments	2,133,762,298	100%

3. Affiliates' main activities

- Operating and managing duty free shops
- Providing catering services

Activity	Revenue in SAR	Percentage
Operating and managing duty free shops	551,783,803	100%
Providing catering services	-	0%
Total	551,783,803	100%

4. Company's plans, main decisions, and future expectations

Details on the Company's plans and future expectations are provided in pages 6-77, whereas the following schedule shows the Company's main decisions and events during 2023, which have been announced in the official webpage of the Capital Market Authority 'Tadawul'.

Date	Decision
19/12/2023	CATRION Catering Holding Co. Announces Resignation of a Board Member
06/11/2023	CATRION Catering Holding Co. announces its Interim Financial Results for the Period Ending on 30-09-2023 (Nine Months)
15/10/2023	CATRION Catering Holding Co. announces the change of its trade name
15/10/2023	CATRION Catering Holding Co. Announces the Results of the Extraordinary General Assembly Meeting, (First Meeting)
08/10/2023	CATRION Catering Holding Co. announces to its Shareholders the starting of the electronic voting on the Extra Ordinary General Assembly meeting agenda (First Meeting)
05/10/2023	CATRION Catering Holding Co. announces the change of its identity
14/09/2023	CATRION Catering Holding Co. announces to Invites its Shareholders to Attend the (First Meeting) Extraordinary General Assembly Meeting
05/09/2023	CATRION Catering Holding Co. Announces Appointment Audit Committee Member
03/08/2023	Correction announcement from CATRION Catering Holding Co. in regards to the Company's announcement of the renewal of its contract with Flyadeal Company
03/08/2023	CATRION Catering Holding Co. announces the renewal of its contract with Flyadeal Company
02/08/2023	CATRION Catering Holding Co announces the distribution of cash dividend for First half of the fiscal year 2023G
02/08/2023	CATRION Catering Holding Co announces its Interim Financial Results for the Period Ending on 2023-06-30 (Six Months)
03/07/2023	CATRION Catering Holding Co announces its contract with Read Sea Global Company
03/07/2023	CATRION Catering Holding Co announces its contract with Read Sea Global Company
17/05/2023	CATRION Catering Holding Co announces its Interim Financial Results for the Period Ending on 2023-03-31 (Three Months)
14/05/2023	CATRION Catering Holding Co Announces Appointment of Audit Committee Member
09/05/2023	CATRION Catering Holding Co Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)
04/05/2023	CATRION Catering Holding Co announces to its Shareholders the Starting of the Electronic Voting on the Ordinary General Assembly Meeting Agenda (First Meeting)
13/04/2023	CATRION Catering Holding Co. Announcement to Invite its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting) through modern technology
10/01/2022	CATRION Catering Holding Co. Announces the Results of the Extraordinary General Assembly Meeting, (First Meeting)
05/01/2022	CATRION Catering Holding Co. announces the Starting of the Electronic Voting on the Extra Ordinary General Assembly Meeting Agenda (First Meeting)
23/03/2023	CATRION Catering Holding Co. announces the distribution of cash dividend for the year 2022G
22/03/2023	CATRION Catering Holding Co. announces its Annual Financial Results for the Period Ending on 2022-12-31

5. The Company's business results, assets, and liabilities

In Saudi Arabian Riyals ('SAR')

Declaration	2019	2020	2021	2022	2023
Current Assets	1,331,922,935	1,279,061,306	1,061,948,216	1,360,930,282	1,472,221,481
Non-current Assets	1,172,342,089	1,027,939,300	868,682,866	670,264,547	772,670,550
Total Assets	2,504,265,024	2,307,000,606	1,930,631,082	2,031,194,829	2,194,892,031
Current Liabilities	605,361,494	869,087,478	571,570,358	562,603,584	582,019,118
Non-current Liabilities	593,251,589	577,836,243	486,541,980	348,665,066	326,804,449
Total Liabilities	1,198,613,083	1,446,923,721	1,058,112,338	911,268,650	908,823,567

6. Business Comparison (5 years) SAR

Declaration	2019	2020	2021	2022	2023
Revenue	2,156,266,255	926,573,642	1,212,507,870	1,818,006,368	2,133,762,298
Cost of Revenue	1,369,334,227	884,339,821	880,662,708	1,301,686,626	1,567,769,793
Zakat and Income Tax	39,134,091	18,844,869	19,712,588	28,717,827	33,880,036
Gross Profit	786,932,028	42,233,821	331,845,162	516,319,742	565,992,505
Net Profit /(Loss)	463,933,403	(334,686,399)	14,055,459	257,103,138	282,657,704

7. Geographic analysis of revenue SAR

Year	Geographic analysis for total income of the Company		
	Saudi Arabia	Egypt	Total
2023	2,070,789,464	62,972,834	2,133,762,298

8. Affiliate's geographic analysis of revenue SAR

Year/2023	Geographic analysis for total income of the Company	
	Saudi Arabia	Total
Saudi French Company for Operating and Managing Duty Free Shops	551,783,803	551,783,803
CATRION for Catering Services	0	0
CATRION Commercial Laundry	0	0
CATRION Laundry Operations and Maintenance	0	0
CATRION Operations and Maintenance	0	0

9. Significant differences in operational results, compared to previous year

	2022 SAR	2023 SAR	Change (+) or (-) SAR	Percentage of change
Revenue/sales	1,818,006,368	2,133,762,298	315,755,930	17%
Cost of revenue	1,301,686,626	1,567,769,793	266,083,167	20%
Gross profit	516,319,742	565,992,505	49,672,763	10%
Other income	27,296,834	29,494,363	2,197,529	8%
General and administrative expenses (including allowance for expected credit losses)	258,061,721	289,697,381	31,635,660	12%
Other expenses	1,590,689	1,420,927	(169,762)	(11%)
Operating income	283,964,166	304,368,560	20,404,394	7%

10. Subsidiaries' details

Name of the related company	Capital SAR	Ownership percentage	Main activity	Main operating country	Country of Incorporation
Saudi French Company for Operating and Managing Duty Free Shops	76,894,000	40%	Operating and managing Duty Free shops in airports	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
CATRION for Catering Services	5,000,000	100%	Providing catering services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
CATRION Commercial Laundry	5,000,000	100%	Providing Landry services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
CATRION Laundry Operations and Maintenance	500,000	100%	Providing Landry services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
CATRION Operations and Maintenance	500,000	100%	Providing catering services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

11. During the year 2023, the Company did not obtain any loan or borrowing

12. Board of Directors

Based on the Company's bylaws, the Board of Directors of CATRION Catering Holding Company is currently formed of nine members for a term of three Gregorian years commencing on January 26th, 2022 and ending on January 25th, 2025. These members were appointed through elections by the Extraordinary General Assembly during the meeting held on 09th January, 2022.

Mohammed Al Sarhan was appointed as the Chairman of the Board by the members of the Board of Directors during the meeting held on January 27th, 2022 and Raed Al Mudaiheem was appointed as the Vice-Chairman of the Board for the same term under the powers granted to the Board according to Article 21 from the Company's bylaws.

The committees emanating from the Board were also formed during the Board meeting dated 27th January 2022, which are Nomination and Remuneration Committee and the Executive Committee, where the Audit Committee was formed by the AGM during the meeting which was held on 13th Feb 2022.

On 06/06/1445 corresponding to 12/19/2023 the Board of Directors issued his resolution by circulation regarding the approval of the resignation of Board Member Mr. Sami Abdel Mohsen Al Hokair (non-executive); Who submitted his resignation from membership in the Board and from the Executive Committee on 06/06/1445, corresponding to 12/19/2023, provided that this resignation takes effect as of 06/07/1445, corresponding to 12/20/2023.

12-1. Board of Directors Members

Mohammed Abdulaziz Al Sarhan

Chairman of the Board (Independent), member of Nomination and Remuneration Committee, chairman of Executive Committee

Current positions

- Chairman of the Board of Directors of the National Shipping (Al Bahri) Company
- Chairman of the Board of Directors of Al Muzaini Real Estate Development Company
- Member of the Board of Directors of Al Sharq Ready Mix Concrete Company

Previous positions

- Chief Operating Officer of Al Faisaliah Holding Group
- Vice President for Distribution Affairs, The Saudi Arabian Marketing and Refining Company 'SMAREC'
- Member of the Board of Directors of Al Faisaliah Holding Group
- Chairman of the Board of Directors of Ikea Saudi Arabia and Bahrain
- Chairman of the Board of Directors of Goknur for Juice Company in Turkey
- Chairman of the Board of Directors of Riyadh Airport Company
- Chairman of the Board of Directors of Al Safi Danone Company Limited
- Vice Chairman of Venture Capital Bank in Bahrain

Academic qualifications

- Bachelor of Science in Mathematics from Oregon State University, USA

Professional experience

Al-Sarhan has extensive experience in management, energy, nutrition, and logistics sector for over 45 years in both the public and private sectors. Al-Sarhan worked at the beginning of his career in various activities in the sectors of the petroleum industry and the distribution of his products. He also participated in many conferences, training courses, seminars, and economic forums in various areas of management within the Kingdom of Saudi Arabia and in many countries of the world. He also worked in the nutrition sector, professional services, transportation and logistics services. He held several leadership positions at Al Faisaliah Holding Group and Al Safi Danone Ltd., the most recent of which was Vice President of Al Faisaliah Group. He currently chairs the Board of Directors of National Shipping (Al Bahri) Company and Al Muzaini Real Estate Development Company.

Raed Ibrahim Al Mudaiheem

Vice Chairman of the Board of Directors (Non-Executive), Chairman of Audit committee

Current positions

- Vice-Chairman, Masdar Building Materials, KSA (JCC)
- Chairman of the Director, United Mining Industries, KSA (JCC)
- Vice Chairman, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Vice-Chairman, Al Badia cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Vice-Chairman, Al Yamamah Steel, KSA (Listed)
- Board Member, Riyadh Cables Group Company, KSA (Ltd.)
- Chairman of the board, Jeddah Airport Company, KSA (Ltd.)

Previous positions

- Board Member, Arabian Pipes Co., KSA (Listed)
- Vice-Chairman of the Director of Northern Region Cement Co., KSA (Listed)

Academic qualifications

- Bachelor's in Electrical Engineering, King Saud University
- Masters' Degree in Electrical Engineering, King Saud University

Professional experience

Diversified Engineering and Managerial experience covering more than 35 years in both public and private sectors. In the beginning of his career Raed worked in diversified engineering activities within power and water sectors, then moved to the private sector and acquired vast experience in building materials (trading and manufacturing), namely steel, cement, timber, gypsum, pre-cast and electrical transformers manufacturing. He participated in tens of conferences, training courses, seminars, economic forums in Management, Finance, Strategy and Leadership in the Kingdom of Saudi Arabia and in many countries in the world.

Yousef Hamad Al Yousefi

Board member (Independent), Chairman of Nomination and Remuneration Committee

Current positions

- Chief Executive Officer of Joa Capital Company

Previous positions

- Founding partner at Marco Partners (Jeel Al Mustaqbal Investment Company)
- Founder and Chairman of the Board of Directors of Joa Energy Company
- Chief Investment Officer at Saudi Development and Technology Investment Company (TAQNIA)

Academic qualifications

- Master of Business Administration, Harvard University
- Bachelor's degree in Electronic Engineering, University of Colorado Boulder

Professional experience

Al-Yousefi has extensive experience in the field of energy and investment spanning more than 15 years, during which he served as the Director of Investments and the founder of the Riyadh Fund for Technology, the Saudi Company for Development and Technical Investment (TAQNIA), Analyst at Passport Capital, California, USA, adviser to the King Abdullah Center for Petroleum Studies and Research, Co-official in the ownership department of Jadwa Investment Company, Adviser at Strategy and Co. previously known as CO and BOOZ in the USA, Oilfield Engineer at Schlumberger, USA. Communications Engineer at Saudi Arabian Oil Company (Saudi Aramco). Al-Yousefi also participates in the membership of several companies, such as member of the risk committee in the Saudi Fransi Capital Company, a member of the nominations committee and a member of the investment committee of Medgulf Insurance Company, a member of the board of directors of Sada Investment Company.

Sami Abdulmohsen Al-Hokair

Board member (Non-Executive), Executive Committee member

Current positions

- Managing Director, Abdulmohsen Abdulaziz Al-Hokair Holding Group, KSA
- Board Member, Abdulmohsen Abdulaziz Al-Hokair Holding Group, KSA
- Chairman of the Board of Directors of Tanami Holding Company

Previous positions

- Board Member, Catering and Strategic Co., KSA (Ltd.)
- Member of the Tourism Committee of the Eastern Province, Kingdom of Saudi Arabia

Academic qualifications

- Bachelor of Administrative Science, King Saud University

Professional experience

Sami has over 30 years of professional experience in hotel hospitality management in Saudi Arabia. Upon graduating from King Saud University in Riyadh, he joined the Andalusia Group, where he held a number of positions, including: General Manager between 1990 and 1994 and Managing Director between 1995 and 2009. In 2009, he established a new hotel brand 'MENA Hotels and Resorts' under the Abdulmohsen Abdulaziz Al-Hokair Group. Since 2009, he has been responsible for managing 32 hotels in KSA, and two hotels in Dubai. Sami Al-Hokair presides over the board of directors of Abdulmohsen Abdulaziz Al-Hokair Group and is the Managing Director of the Group. In addition, he is the vice chairman of the board of directors of Sahara Kingdom Properties.

Fadi Majdalani

Board member (Independent), member of the Nomination and Remuneration Committee, member of the Executive Committee

Current positions

- Managing Partner, Excelsa Holding, Lebanon
- Board Member, Ghassan Ahmad Al Sulaiman Furniture Trading Company, KSA
- Chairman of the Board of Directors, Endeavor
- Member of the Executive Committee and the Nomination and Remuneration Committee at CATRION Catering Holding Co.

Previous positions

- Board Member and Senior Partner, Strategy& (formerly Booz and Co.), UAE
- Founder and Managing Partner, Delta Capital, Lebanon

Academic qualifications

- Bachelor of Engineering, American University of Beirut
- Master of Science in Civil Engineering, MIT
- MBA, Harvard Business School

Professional experience

Fadi has more than 25 years of experience in the consulting and private equity sectors focusing on the transportation, logistics and real estate industries. Since 2018, Fadi Majdalani has been the Managing Partner of Excelsa, an asset management and private equity firm focusing mainly on income generating real estate investments in the United States. Prior to this, Fadi was a senior partner with Strategy& (formerly Booz and Company), a leading global management consulting firm where he served some of the largest Middle East private and publicly owned corporations. Over a 20-year period, he led the firm's practices covering the transportation, logistics, real estate and construction industries.

Fahad Abdullah Moussa

Board member (Non-Executive), Executive Committee member

Current positions

- EVP, Investment – Saudia Arabian Airlines Corporation

Previous positions

- EVP, Head of Financial Institutions Department - National Commercial Bank

Academic qualifications

- Bachelor's degree - Finance - King Fahad University of Petroleum and Minerals

Professional experience

Moussa has more than 22 years of experience in which he held several positions, including EVP, Investment – Saudia Arabian Airlines, EVP, Head of Financial Institutions Department - National Commercial Bank, Several positions at the National Commercial Bank (NCB) and Several positions at the Samba Financial Group (SAMBA).

Abdulwahab Abdulaziz Al Betari

Board member (Independent), member of the Audit Committee and Executive Committee

Current positions

- Watar Partners for Trading Co., -Co-Founder and Managing Partner
- Pinnacle Capital – Co-Founder

Previous positions

- The Family Office – Founding Partner and Member of the Executive Committee
- Saudi American Bank (Samba) – Portfolio dealer and Investment dealer

Academic qualifications

- Bachelor's degree in Finance with second honours – King Fahad University of Petroleum and Minerals.
- Masters degree in Business administration from London Business School (LBS)>

Professional experience

Al Betari has more than 25 years of experience. He started his career at Saudi American bank's (Citibank), he also worked at The Family Office Co BSc, a leading multi-family office based in the Kingdom of Bahrain where he was one of the founders of the firm. His background includes serving on numerous non-profit organization committees such as the National Young businessmen committee, part of the National chamber of commerce in Saudi Arabia, and currently heads the Saudi Chapter for the alumni of London Business School and is a YPO member for both Saudi Arabia and Bahrain Chapters. In addition, Abdulwahab sits in the board of many local companies. holds An MBA degree from, and an undergraduate degree in finance. He also holds CME-1 and CME4 certification from the Capital Market Authority.

Dilip Nijhawan

Board member (Independent), member of the Audit Committee

Current positions

- CEO and Board Director of Kaelis FZC AMEA

Previous positions

- CEO and Board Director of Emirates Flight Catering
- Inflight Catering Consultant Emirates Airline - reporting to the President
- Consultant at Oman Air and Flight Catering and Hotels
- CEO and Board Director of Sri Lankan Catering Co
- GM Oberoi Trident, Jeddah, Saudi Arabia
- GM Oberoi Flight Services and Oberoi Airport Services Mumbai, Delhi, Kolkatta and Chennai
- GM Oberoi Bogmallo Beach Resort, India

Academic qualifications

- ISC Science /English, from Senior Cambridge
- Bachelor of Commerce with Honours in Business management, Accounting, Finance from Calcutta university
- Post Graduate - Hotel management, Essec Cornell, Paris France

Professional experience

CEO, CCO, MD, EVP, Executive Board Director and Management Consultant leadership expertise with 40 + years' experience in leading Global Airline Catering units, Inflight services, Food Services and Retail Operations, Airline Onboard Services and Amenities, Airport lounges, Event Operations Frozen meal facility, Laundry facilities and 5-star Hotels and Hospitality companies globally. Track record of transforming companies via strategic leadership and implementing lean management principles such as Kaizen, Six Sigma, TPM, Kanban etc.; exponentially increasing Sales, Net Profits while spearheading operational excellence with enhanced employee productivity, retention and reduced costs. Led companies to yield over USD 900 million in annual revenue whilst simultaneously overseeing expansion projects of over USD 350 million.

Olivier Harnisch

Board member (Independent), member of the Nomination and Remuneration Committee

Current positions

- Founder of Lunasole Hospitality

Previous positions

- Head of Hospitality Public Investment Fund and Chief Executive Officer PIF Hotel Management Company
- Chief Executive Officer at Emaar Hospitality Group LLC
- Chief Operating Officer at Radisson Hotel Group
- Managing Director, Northern and Central Europe, Hilton Worldwide

Academic qualifications

- Master Science (MSc) in Organisational Behaviour from University of London, United Kingdom
- Master Business Administration from Heriot-Watt University, Edinburgh, United Kingdom
- Certified Hotel Administrator (CHA) Hotel Administrator from The American Hotel and Lodging Association, East Lansing, USA
- SGB Degree in Hospitality Management from Berlin School of Hotel Administration, Germany

Professional experience

Olivier Harnisch is a hospitality veteran. He began his career in Nice, France, in 1986 and has worked across the globe since. He spent 14 years at Hilton Hotels where he was Managing Director for Northern and Central Europe. From 2012 until 2016 he was Chief Operating Officer of the Radisson Hotel Group. In 2016 he was appointed CEO of Emaar Hospitality Group in Dubai. From 2019 until 2021 Olivier Harnisch was Head of Hospitality of the Public Investment Fund and CEO of the PIF Hotel Management Company in Riyadh, Saudi Arabia.

Olivier serves on multiple Boards, among others the Gulf Hotels Group in Bahrain, PIF Saudi Hospitality Company and RAK Hospitality.

12-2. Board of Directors' meetings

Name / Meeting date	Total meetings (7)							Total
	09/01/23	30/01/23	22/03/23	16/05/23	04/09/23	06/11/23	14/12/23	
Mohammed Al Sarhan	✓	✓	✓	✓	✓	✓	✓	7
Raid Al Mudaiheem	✓	✓	✓	✓	✓	✓	✓	7
Yousef Al Yousefi	✓	✓	✓	✓	✓	✓	✓	7
Sami Al Hokair	✓	x	✓	✓	✓	✓	✓	6
Fadi Majdalani	✓	✓	✓	✓	✓	✓	✓	7
Fahad Moussa	✓	✓	✓	✓	✓	✓	✓	7
Abdulwahab Al Betari	x	x	✓	✓	✓	✓	✓	5
Dilip Nijhawan	✓	✓	✓	✓	✓	✓	✓	7
Olivier Harnisch	✓	✓	✓	✓	✓	✓	✓	7

12-3. Current and Previous Memberships of Boards of Directors and/or their Membership of Executive Management in Other Companies (local or international)

Mohammed Abdulaziz Al Sarhan

Current Board and Management memberships

- Chairman of the Board of Directors of the National Shipping Company of Saudi Arabia, KSA (Listed)
- Chairman of the Board of Directors of Al Muzaini Real Estate Development Company, KSA (JCC)
- Member of the Board of Directors of Al Sharq Ready Mix Concrete, KSA (JCC)

Previous Board and Management memberships

- Chief Operating Officer of Al Faisaliah Holding Group, KSA (JCC)
- Vice President for Distribution Affairs, The Saudi Arabian Marketing and Refining Company 'SMAREC', KSA public establishment
- Executive Vice President of Al Faisaliah Holding Group, KSA (JCC)
- Chairman of the Board of Directors of Ikea Saudi Arabia and Bahrain, KSA (JCC)
- Chairman of the Board of Directors of Goknur for Juice Company in Turkey, Turkey (JCC)
- Chairman of the Board of Directors of Jeddah Airport Company, KSA (Ltd.)
- Chairman of the Board of Directors of Al Safi Danone Company Limited, KSA (Ltd.)
- Vice Chairman of Venture Capital Bank in Bahrain, Bahrain (JCC)

Raed Ibrahim Al Mudaiheem

Current Board and Management memberships

- Vice-Chairman, Masdar Building Materials, KSA (JCC)
- Chairman of the Director, United Mining Industries, KSA (JCC)
- Board Member, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Vice-Chairman, Al Badia cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Vice-Chairman, Al Yamamah Steel, KSA (Listed)
- Board Member, Riyadh Cables Group Company, KSA (Ltd.)
- Chairman of the board, Jeddah Airport Company, KSA (Ltd.)

Previous Board and Management memberships

- Board Member, Arabian Pipes Co., KSA (Listed)
- Vice-Chairman, Northern Region Cement Co., KSA (Listed)

Yousef Hamad Al Yousefi

Current Board and Management memberships

- Chief Executive Officer, Member of the Board of Joa Capital Company (JS non-listed)
- Member of the Board, Chairman of Nomination and Remuneration Committee and member of the Investment Committee of Medgulf Insurance Company, KSA (Listed)
- Member of the Board of Directors, Chairman of Nomination and Remuneration Committee at CATRION Catering Holding Co., KSA (Listed)
- Member of the Board of Directors and member of the Executive Committee of the Saudi Postal Corporation, a Saudi governmental institution
- Member of the Board of Directors of Saudi Postal and logistics Company (SPL), KSA (Listed).
- Member of the Board of Directors of the Saudi Automotive Services and Equipment Company (SASCO), KSA (Listed)

Previous Board and Management memberships

- Member of the Board of Directors of Pawame Company, a company licensed by the Capital Market Authority specializing in alternative investments in the Kingdom of Saudi Arabia
- Member of the investment committee of Saudi Venture Capital (SVC), KSA
- Member of the Board of Directors, Chairman of Nomination and Remuneration Committee of Saudi Fransi Capital Company, KSA (Listed)
- Partner in Marco Strategic Advisors, KSA (Ltd.)
- Member of the Board of Directors of Jawa Energy Company and Head of shareholder, KSA (Ltd.)
- Member of the Board and audit committee of Leejam Sports Company, KSA (Listed)
- Chief Investment Officer at Saudi Development and Technical Investment Company (TAQNIA), KSA (Ltd.)
- Sector Analyst at Passport Capital, USA (JCC)
- Project Lead and Senior Research Associate at King Abdullah Petroleum Studies and Research Center (KAPSRC), KSA independent and non-profit centre
- Associate at Jadwa Investment Co., KSA (JCC)
- Consultant at Booz and Company, USA (JCC)
- Wireline Field Engineer/Project Manager at Schlumberger Co., USA (JCC)
- Communications Engineer at Saudi Aramco, KSA (Listed)

Sami Abdulmohsen Al-Hokair

Current Board and Management memberships

- Managing Director, Abdulmohsen Abdulaziz Al-Hokair Holding Group, KSA (Listed)
- Board Member, Abdulmohsen Al-Hokair Abdulaziz Holding Group, KSA (Listed)
- Chairman of the Board of Directors of Tanami Holding Company

Previous Board and Management memberships

- Board Member, Catering and Strategic Co., KSA (Ltd.)
- Member of the Tourism Committee of the Eastern Province, Kingdom of Saudi Arabia

Fadi Majdalani

Current Board and Management memberships

- Managing Partner, Excelsa Holding, Lebanon (JCC)
- Board Member, Ghassan Ahmad Al Sulaiman Furniture Trading Company, KSA (JCC)
- Chairman of the Board of Directors, Endeavor Lebanon, (Government Sector.)
- Excom Member at CATRION Catering Holding Co., KSA (Listed)

Previous Board and Management memberships

- Board Member and Senior Partner, Strategyand (formerly Booz and Co.), UAE (JCC)
- Founder and Managing Partner, Delta Capital, Lebanon (JCC)

Fahad Moussa

Current Board and Management memberships

- Board Member and ExCom Member at CATRION Catering Holding, KSA (Listed)
- Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, KSA (JCC)
- Board Member, ExCom Member and Audit Committee Member at SAL Saudi Logistics Services, KSA (JCC)
- Nominations Remuneration Committee Member at National Petrochemical Industrial Company (Natpet), KSA (JCC)
- Member of the Board of Directors of the Saudi Airlines Company for Aviation Engineering and Manufacturing, KSA (Ltd.)
- Member of the Board of Directors and member of the Nominations and Remuneration Committee of Al-Anmaa Investment Company, KSA (Listed)
- Member of the Board of Directors and Audit Committee of the Royal Institute of Traditional Arts, KSA independent government entity
- Member of the Nominations and Remuneration Committee of the Board of Directors of Al-Lujain Holding Company, KSA (Listed)

Previous Board and Management memberships

- Board Member and Audit Committee Member at Aircraft Accessories and Components Company, KSA (Ltd.)
- Board Member at Alsalam Aerospace Industries Company, KSA (Ltd.)

Abdulwahab Al Betari

Current Board and Management memberships

- Board Member at Tarabut Gateway Holding Limited, KSA (Ltd.)
- Board Member at CATRION Catering Holding Company, KSA (Listed)
- Board and Risk Committee Member at Bank Aljazira, KSA (Listed)
- Vice Chairman of The National Petrochemical Industrial Co. (NATPET), KSA (Listed)
- Board Member at Riyadh Cables Group, KSA (JCC)
- Vice Chairman of Alujain Corportion, KSA (Listed)
- Board Member at Sunbulah Group, KSA (JCC)
- Board Member at Al Himmah Consortium, KSA (Ltd.)
- Board Member at Manafeth Ambulance and Handicap Vehicles, KSA (Ltd.)

Previous Board and Management memberships

- Chairman of Future Ceramics Co., KSA (JCC)
- Vice Chairman of the Advisory Committee at Capital Market Authority (CMA), KSA Legal Entity
- Board Member at Jahez International, KSA (JCC)
- Chairman of Osool and Bakheet Investment Company (OBIC), KSA (Listed)

Dilip Nijhawan

Current Board and Management memberships

- Board Member at Kailless World Sl, Madrid (AMEA), An unlisted company operating outside the Kingdom

Previous Board and Management memberships

- Board of Directors International Travel Catering Association UK
- Board of Director International Food Service Association, USA
- Board of Directors International Food Service Association, Asia Pacific
- Jury and Panel member, Mercury Awards, Asia Pacific IFSA and APOT

Olivier Harnisch

Current Board and Management memberships

- Non executive member at Hotel Management Company, PIF, KSA (Non Listed)
- Non executive member at Bahrain Gulf Hotels Group, Bahrain (Listed)
- Non executive member RAK Hospitality Co., UAE (Non Listed)
- Non executive member at EGIS-ESEC, KSA (Non Listed)

12-4. Board Members' Benefits

Description of the interests, contractual securities or rights issue of the Board members and their relatives in the Company's shares.

	Beginning of year	End of year			
Board name	Number of shares	Number of shares	Net change	Percentage change	Relative ownership
Mohammed Al Sarhan	33,720	33,720	0	0	0
Raed Al Mudaiheem	1,000	1,000	0	0	0
Sami Al-Hokair	6,080	311	-5,769	-94.88%	0
Fadi Majdalani	0	0	0	0	0
Yousef Al Yousefi	0	0	0	0	0
Fahad Moussa	0	0	0	0	0
Abdulwahab Al Betari	0	0	0	0	0
Olivier Harnisch	0	0	0	0	0
Dilip Nijhawan	0	0	0	0	0

12-5. Forming the Board of Directors and Membership Type

Member of Board of Directors	Type of membership
Mohammed Al Sarhan	Independent member (Chairman of the Board, Nomination and Remuneration Committee member, Chairman of the Executive Committee)
Raed Al Mudaiheem	Non-Executive member (Vice Chairman of the Board, Chairman of the Audit Committee)
Sami Al-Hokair	Non-Executive member (Executive Committee member)
Fadi Majdalani	Independent member (Member Nomination and Remuneration Committee, Executive Committee member)
Yousef Al Yousefi	Independent member (Charman of Nomination and Remuneration Committee)
Fahad Moussa	Non-Executive member (Executive Committee Member)
Abdulwahab Al Betari	Independent member (Audit Committee, Executive Committee Member)
Olivier Harnisch	Independent member (Nomination and Remuneration Committee Member)
Dilip Nijhawan	Independent member (Audit Committee Member)

12-6. Remuneration of Board Members

Pursuant Company's Law and as per article 22 of the Company's bylaws, the Board of Directors shall be entitled to remuneration in their capacity as members of the Board of Directors pursuant to the terms and conditions determined by the Ordinary General Assembly.

The company's Board of Directors remuneration policy was updated to comply with the legislative amendments, as the amendments were approved by the General Assembly at its meeting held on 12/10/2023.

Policy of Board of Directors' members remunerations:

- A** In accordance with the Companies Regulations and in accordance with the Company's Bylaws (Article 22), the Company's bylaws shall specify the manner of remunerating Directors. Such remuneration may consist of specified salary, or of a certain percentage of the profit, or of a combination of two or more of these benefits.

- B** The Chairman of the Board shall be entitled to annual remuneration not exceeding (SR. 500,000) five hundred thousand Riyal, and each Chairman of the committees shall be entitled to annual remuneration not exceeding (SR.150,000) one hundred fifty thousand Riyal.
- C** The Vice Chairman and each member of the Board of Directors shall be entitled to annual remunerations not exceeding (SR. 350,000) three hundred fifty thousand Riyals per member. However, each committee member shall be entitled to annual remuneration not exceeding (SR 125,000) one hundred twenty-five thousand Riyals.
- D** At all event, total of remunerations for the Chairman of the Board of Director should not exceed (SR.850,000) eight hundred and fifty thousand Riyals for his presidency of the Board of Directors in addition to his presidency or membership in the Board's committees, in addition to that, the total remunerations of the Vice-Chairman of the Board of Directors, any member of the Board of Directors, any Chairman or member of the committees should not exceed the amount of (SR.700,000) seven hundred thousand Riyals for deputizing the chairman of the Board of Directors or for membership in the Board of Directors or chairing or membership of the committees.
- E** The Chairman of the Board, the Vice Chairman of the Board, members of the Board, Chairman and members the committees shall be entitled of attendance allowance not exceeding the amount of (SR.5,000) five thousand Riyals per meeting attended.
- F** Chairman of the Board of Directors or Vice-Chairman of the Board of Directors and members of the Board of Directors may chair a maximum of two committees.
- G** In the remuneration of Board members, certain criteria related to the performance should be taken in consideration, such as board's meetings attendance.
- H** Directors who are employees of the Company shall not receive any compensation for their services as Directors. Directors who are not employees of the Company cannot enter into any consulting arrangements with the Company without the prior approval of the Board. Directors who serve on the Audit Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting, legal, investment or financial advisory services to the Company. Further, the Company shall not contribute to charitable organizations with which a Director is affiliated.
- I** Any violation of the determination of wages is null and void.

12-5. Relationship between compensation and policy

Based on the remuneration policy of the Board of Directors, its committees and the executive management, which was referred to in this report, and in light of the remuneration paid to the board, committees and executive management, it is clear that this is consistent with the approved policy of the company without any fundamental deviation from the aforementioned policy.

The table below shows the remunerations of the Board of Directors members during the year 2023:

Board members	Annual remuneration	Fixed Compensation						Total	Varied Compensation					Total	End of service reward	Aggregate amount	Expenses allowance
		Specific amount	Total allowance for attending Board meetings	Total allowance for attending committee meetings	Total allowance for attending General Assemblies	Remunerations for technical, managerial and consultative work	Remuneration for technical, managerial and consultative work		In-kind benefits	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans				
First: Independent Board Members																	
Mohammed Al Sarhan	561,027.40		10,000	15,000				586,027.40						171,786.08	757,813		
Yousef Al Yousefi	422,191.78		10,000	5,000				437,191.78						36,821.67	474,013		
Fadi Majdalani	435,479.45		10,000	10,000				455,479.45						33,697.00	489,176		
Olivier Harnisch	416,643.84		10,000	5,000				431,643.84						88,012.48	519,656		
Abdulwahab Al Betari	522,191.78		10,000	15,000				547,191.78						99,810.25	647,002		
Dilip Nijhawan	311,095.89		10,000	5,000				326,095.89						49,108.98	444,862		
Total	2,668,630.14	-	60,000	55,000	-	-	-	2,783,630.14	-	-	-	-	-	479,236.46	2,853,288	0	
Second: Non-Executive Directors																	
Sami Al- Hokair	402,328.77		10,000	5,000				417,328.77						37,466.52	454,795		
Fahad Moussa	416,643.84		10,000	5,000				431,643.84						8,806.50	440,450		
Raed Al Mudaiheem	422,191.78		10,000	5,000				437,191.78						11,947.61	449,139		
Total	1,241,164.38		30,000	15,000				1,286,164.38						58,220.63	1,344,385		
Total	3,909,794.52		90,000	70,000				4,069,794.52						537,457.09	4,676,909		

* Expenses and fees incurred by the company to enable the Board Director member to perform his duties.

13. Board of Directors' Committees

Based on the Company's Governance Manual and its bylaws, the Board has three main subcommittees: Audit Committee, Nomination and Remuneration Committee and Executive Committee.

13-1. Audit Committee

The Audit Committee is composed of five non-executive members, two of which is an external party competent in financial and accounting affairs. The duties and responsibilities of this Committee include the study of the internal control systems, accounting policies, external auditor review and financial statements review, supervision of the Internal Audit Department, compliance, information technology supervision, reporting, and other responsibilities. The supervision on the Internal Audit department is to verify how efficient it is in the implementation of work and tasks determined by the Board of Directors. It also studies the Internal Audit reports and follows up on the corrective actions in connection with the reported observations.

The Committee also makes recommendations to the Board of Directors with regard to the appointment and removal of external auditors; determination of their remuneration; verification of their independence; follow-up of their duties; and studying the audit plan with the Internal Audit Department. The Committee studies the external auditors' notes to the Company's Financial Statements and follows up presenting them to the Board, expresses opinion thereon and makes recommendations to the Board of Directors in this regard. The Committee further studies the accounting policies of the Company, expresses opinions thereon and makes recommendations to the Board of Directors in their regard; and assesses the Company's estimation of material risks and the procedures taken by the Company's management to control and address such risks. The Audit Committee also prepares an Annual Report that is presented to the shareholders in the Annual General Assembly. During 2023, there was no recommendation to appoint an Internal Auditor for the Company, as it already has an Internal Audit Division. In addition, there are no recommendations of the Audit Committee that conflict with the Board's decisions, nor did the Board refuse to take any of the Audit Committee's recommendations into consideration regarding the appointment, dismissal, assessment, or determining the remuneration of the external auditor.

Due to the fact that the new Saudi Arabian Companies Law came by virtue of the need for prior approval of the General Assembly regarding the appointment of members of the Audit Committee and the fact that the Committee was appointed before the new law came into effect, appointment of the new members of the Committee was approved during the Extraordinary General Assembly meeting on 13th February 2022.

13-1-1. Members of the Audit Committee

A) Members of the Audit Committee for current session

Raed Ibrahim Al Mudaiheem

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 88)

Abdulwahab Al Betari

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 91)

Dilip Nijhawan

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 91)

Saleh Abdullah Al Fadhel

Member

Current position

- Chief Financial Officer, Savvy Gaming

Previous positions

- Group CFO, Saudi Arabian Airlines Co.

Academic qualifications

- Strategic Financial Leadership Program from Stanford University
- Master of Science in Accountancy from University of Illinois at Urbana-Champaign
- Master of Science in Finance from University of Illinois at Urbana-Champaign
- Bachelor of Business Administration from King Saud University
- Passed All CPA exams with 1st attempt from American Institute of CPA's
- Passed All CPA exams with 1st attempt from Saudi Organization of CPA's
- The General Securities Qualification Examination, CME-1, from Capital Market Authority (CMA)

Experience

Al Fadhel has wide experience in the field of financial management. He held many positions in his career. He was the Executive Assistant Director General for Financial and Administrative Affairs of the Saudi Airlines. The national carrier and one of the largest airlines in the Middle East. He also worked as a member in many areas of management, audit committees and airline companies, including closed ones. Including Riyadh Airports Company, AXA Insurance Company, and Flyadeal.

Faisal Saeed Sabbagh

Member

Current position

- Group CFO – EVP at Saudi Arabian Airlines Corporation

Previous positions

- CFO at Gulf International Bank, KSA
- CFO at Abdul Latif Jameel United Finance Company
- Chief Accounting Officer at Bank Al-Jazira
- Divisional Financial Controller | Management Accounting – Manager at The National Commercial Bank (NCB)
- Senior Financial Analyst and Internal Auditor Saudi Aramco

Academic qualifications

- Master of Business Administration (MBA) King Fahd University of Petroleum and Minerals -
- Bachelor of Science in Accounting (Third Honors) King Fahd University of Petroleum and Minerals
- Certified Internal Auditor Institute of Internal Auditing (IIA)

Experience

An experienced senior executive with more than 24 years of solid experience in Strategic Planning, Finance, Treasury, Financial/Regulatory Reporting, Risk Management, Financial Analysis and Process Automation gained from working in several multinational corporations.

13-1-2. Table of Audit Committee's meetings

Name	Nature of Membership	Number of Meetings (4)				Total meetings
		20/03/23	11/05/23	01/08/23	30/10/23	
Raed Al-Mudaiheem	Chairman	✓	✓	✓	✓	4
Abdulwahab Al Betari	Member	✓	✓	✓	✓	4
Dilip Nijhawan*	Member	x	x	✓	✓	2
Saleh AL Fadhel**	Member	✓	✓	✓	✓	4
Faisal Sabbagh	Member	x	x	x	✓	1

*Mr. Dilip was appointed as AC member on the 11/05/2023

**Mr. Saleh Al Sabbagh was appointed as AC member on the 04/09/2023

13-1-3. Remuneration of the Audit Committee members SAR

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Raed Al-Mudaiheem	111,095.89	5,000	116,095.89
Abdulwahab Al Betari	105,547.95	5,000	110,547.95
Dilip Nijhawan*	69,657.53	5,000	74,657.53
Saleh AL Fadhel**	105,547.95	5,000	110,547.95
Faisal Sabbagh	37,876.71	5,000	42,876.71
Total	429,726.03	25,000	454,726.03

*Mr. Dilip was appointed as AC member on the 11/05/2023

**Mr. Saleh Al Sabbagh was appointed as AC member on the 04/09/2023

13-1-4. The Audit Committee report for the year 2023

The Audit Committee confirms that the works performed during 2023 assures the adequacy of the internal and financial control system and risk management which achieves the system's ability to protect the company's assets and ensures the efficiency and integrity of the financial and non-financial procedures and processes which attains its goals, and the commitment of the administrative authorities and their employees to the regulations issued by different governmental agencies and related regulatory authorities.

During the year 2023, the audit committee did not recommend the appointment of an internal auditor for the company due to the presence of the internal audit department, and the committee acknowledges that there are no recommendations that exist between the committee and the board directors' decisions that conflict or refuse the board to take them with regard to appointing and dismissing the company's auditor and determining his fees and assessing his performance or appointing the internal auditor.

13-2. Nomination and Remuneration Committee

The Committee is composed of four non-executive members of the Board of Directors, three of which are an independent Board member. The duties and responsibilities of the Committee include: making recommendations to the Board of Directors with regard to nominations to the membership of the Board, its sub-committees and Executive Management in accordance with the approved policies and standards, provided that no person may be nominated if previously convicted in a felony involving moral turpitude; undertaking the annual review of the skill requirements for the Board of Directors; preparing the description of skills and qualifications required for Board membership including determination of the time that the Board member should dedicate to the business of the Board; and determination of the compensation and remuneration of Board members, its sub-committees and Executive Management.

The Committee also reviews the structure and formation of the Board, makes recommendations concerning changes that can be made and identifies the weaknesses and strengths of the Board with recommendations on how to address them to serve the interests of the Company. On an annual basis, the Committee ensures the independence of the independent members and that there are no conflicts of interest if the member holds membership of the Board of Directors of another company. It develops clear policies for the compensation and remuneration of Board members and senior executives, taking into consideration performance-related standards. Lastly, the Committee prepares periodic and annual reports on the Committee's activities and the annual disclosure report according to the by-laws. These reports are presented to the Board of Directors.

Yousef Hamad Al Yousefi

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 88)

Mohammed Abdulaziz Al Sarhan

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 87)

Fadi Majdalani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 90)

Olivier Harnisch

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 92)

13-2-1. Schedule of Nomination and Remuneration Committee meetings

Name	Nature of Membership	Number of Meetings (5)					Total meetings
		14/01/23	30/01/23	04/06/23	27/07/23	29/10/23	
Yousef Al Yousefi	Chairman	✓	✓	✓	✓	✓	5
Mohammed Al Sarhan	Member	✓	✓	✓	✓	✓	5
Fadi Majdalani	Member	✓	✓	✓	✓	✓	5
Olivier Harnisch	Member	✓	✓	✓	✓	✓	5

13-2-2. Remuneration of the Nomination and Remuneration Committee's members SAR

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Yousef Al Yousefi	111,095.89	5,000	116,095.89
Mohammed Al Sarhan	105,547.95	5,000	110,547.95
Fadi Majdalani	105,547.95	5,000	110,547.95
Olivier Harnisch	105,547.95	5,000	110,547.95
Total	427,739.73	20,000	447,739.73

13-3. The Executive Committee

The Committee is composed of five non-executive members, three of which are an independent member of the Board of Directors. The duties and responsibilities of the Committee include: assisting the Board in conducting responsibilities and duties in determining the Company's mission, vision, and direction of business; assisting the Board in determining the strategic and investment goals of the Company; assist in determining the vision and duties of the Board; determining main and strategic goals to assist the Company in achieving the required results; assisting the Board in the periodic strategic evaluation of the Company's performance; participating in the evaluation and review of the main investment decisions; form and reform partnerships and their budgets; develop Company investments; develop and enhance information technology; manage relationships with main suppliers; responsible for the main commercial transactions, policies, and executive procedures of commercial day-to-day transactions; finding development methods; coordinate between Executive Management and other main functions' managers; supervise the performance of the CEO and Executive Management Members; review the ability of the commercial partner (if any); determine the investment strategy and policies; periodic review of potential investments' feasibility; review and approve measures and indicators to evaluate investments; review Zakat and Tax matters in relation to investment transactions in coordination with the Audit Committee; review and disclose accounting procedures and methods of all investment transactions based on the approved accounting standards; continuous review of investment consultants of the Company and determine if they should continue their service; review and report investment results to the Board; and any other tasks related to investments, Company policies, and other matters.

13-3-1. Members of the Executive Committee

Mohammed Abdulaziz Al Sarhan

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 87)

Sami Abdulmohsen Al-Hokair

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 89)

Abdulwahab Al Betari

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 91)

Fahad Moussa

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 90)

Fadi Majdalani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12-1 on page 90)

13-3-2. Schedule of meetings of the Executive Committee

Name	Nature of Membership	Number of Meetings (7)			Total meetings
		04/06/23	01/11/23	26/12/23	
Mohammed AL Sarhan	Chairman	✓	✓	✓	3
Sami Al Hokair	Member	✓	✓	x	2
Fahad Moussa	Member	✓	✓	✓	3
Abdulwahab Al Betari	Member	✓	✓	✓	3
Fadi Majdalani	Member	x	x	✓	1

*Mr. Fadi Majdalani was appointed as ExCom member on the 06/11/2023

** Mr. Sami Al Hokair resigned from the ExCom on the 19/12/2023

13-3-3. Remuneration of members of the Executive Committee SAR

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Mohammed AL Sarhan	111,095.89	10,000	121,095.89
Sami Al Hokair	101,780.82	5,000	106,780.82
Fahad Moussa	105,547.95	10,000	115,547.95
Abdulwahab Al Betari	105,547.95	10,000	115,547.95
Fadi Majdalani	18,835.62	5,000	23,835.62
Total	442,808.22	40,000	482,808.22

14. Executive Management

14-1. Company's Executive Management members

Wajdy Al-Ghabban

Current position

- Chief Executive Officer, CATRION Catering Holding Co.
- Managing Director of CATRION Catering Services Co.
- Managing Director of CATRION Commercial Laundry Co.
- Managing Director of CATRION Laundry Operations and Maintenance Co.
- Managing Director of CATRION Operations and Maintenance Co.
- Board member at Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Deputy CEO, CATRION Catering Holding Co.
- Chief Operating Officer, CATRION Catering Holding Co.
- General Manager – Riyadh Region, CATRION Catering Holding Co.
- Chief Catering Unit – Cairo Unit, CATRION Catering Holding Co.

Academic qualifications

- Master of Business Administration from Robert Kennedy College, University of Wales, Switzerland
- Member of International Flight Services Association (IFSA)
- Member of International Travel Catering Association (ITCA)
- Member of Gulf Airlines Catering Companies Working Group (GACWG)
- Member in the Commercial Council of the Faculty of Tourism – King Abdulaziz University
- Saudi – Philippine Business Council

Professional experience

35 years of work experience at CATRION Catering Holding Co., in which he held various positions within the company. Wajdy displays expertise in the fields of airline and non-airline catering. In addition, his interests include software development for airline catering use, automation of production and ware wash systems, catering unit project design and execution, real estate development (construction/renovation of hotel and labor housing projects), and budgeting and contract negotiation.

Mahmoud Masoud

Current position

- Chief Financial Officer of CATRION, based out of Jeddah
- Board member at Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Chief Financial Officer Europe Middle East and Africa of CWT, based out of London and Paris
- Chief Financial Officer, United Kingdom of Carlson Wagonlit Travel, based out of London
- Chief Financial Officer of Mannai Corporation, based out of Doha
- Chief Financial Officer of DHL United Kingdom, based out of London
- Vice President Global Controller of DHL based out Brussels
- Chief Financial Officer of DHL Nordics, based out of Helsinki

Academic qualifications

- Bachelor of Accounting and Financial Management from Cairo, Egypt

Professional experience

Mahmoud has over 25 years' experience as an International Executive in Logistics and Travel, with excellent Publicly Listed and Private Equity Backed knowledge. Equipped with a commanding track record of driving success, expertise in driving growth, turnaround and restructuring, coupled with a wide range of responsibilities including MandA, divestment and Financial transformation.

Paul Summers

Current position

- EVP Mergers, Acquisitions and Business Development

Previous positions

- Group Director Mergers, Acquisitions and Business Development (Ali Zaid Al Quraishi and Brothers Ltd).

Academic qualifications

- BA (Hons), MSc., FCA, MBA

Professional experience

25 years' experience in Mergers and Acquisitions in GCC since 2009.

Tarek Tharwat

Current position

- VP- Chief Audit Executive

Previous positions

- Chief Internal Auditor at Saudi Binladin Group – Public Buildings and Airports Division 'PBAD'
- Corporate Internal Audit Manager at Orascom Construction Industries 'OCI' in Egypt, responsible for the cement division in Egypt and the overseas network
- Internal Audit Manager for North Africa and the overseas network of Abdul Latif Jameel 'ALJ'; based in Algeria
- Internal audit supervisor at Abdul Latif Jameel 'ALJ', the dealer of Toyota in KSA
- Credit Manager at 'Rhodia', French chemical group in Egypt
- Chief Accountant at 'Rhodia', French chemical group in Egypt
- Supervisor Deloitte and Touche Egypt (External Audit Firm).

Academic qualifications

- MBA in International Business from the University of Liverpool in UK
- BSc. in accounting from Alexandria University in Egypt
- Chartered Accountant
- Certified Internal Auditor (CIA)
- Certified Information Systems Auditor (CISA) from the Information Systems Audit and Control Association (ISACA)
- Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA) in USA
- Certified Financial Consultant (CFC) from the Institute of Financial Consultants (IFC)
- Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiners (ACFE).

Professional experience

Tarek Tharwat holds an MBA in International Business from the University of Liverpool and a BSc in Accounting from Alexandria University in Egypt, and is a registered Chartered Accountant. Tarek also holds the Certified Internal Auditor (CIA) and the Certification in Risk Management Assurance (CRMA) both from the Institute of Internal Auditors (IIA), the Certified Financial Consultant (CFC) from the Institute of Financial Consultants (IFC) and the Certified Information Systems Auditor (CISA) from the Information Systems Audit and Control Association (ISACA), Certified Fraud Examiner (CFE) from the Association of Certified Fraud Examiners (ACFE) in addition to other audit and internal control professional certificates.

Tarek has over 30 years of professional experience in Internal Control, Risk Management Inspection and both operational and financial audit. Worked as external auditors in Deloitte and Touche Egypt then moved to the French chemical group 'Rhodia' in Egypt as a group Chief Accountant then promoted to the Group Credit Manager. In 2003, Tarek joined Abdul Latif Jameel 'ALJ', the dealer of Toyota in KSA, as internal audit supervisor then transferred to Algeria as Internal Audit Manager where he set up the Internal Audit function for North Africa and the overseas network. Tarek also joined Orascom Construction Industries 'OCI' in Egypt as Corporate Internal Audit Manager responsible for the cement division, then joined Saudi Binladin Group as Chief Internal Auditor for the Public Buildings and Airports Division 'PBAD'. Currently Tarek is the VP Chief Audit Executive at CATRION Catering Holding Co.

Salah M. Al Umar

Current position

- Ex-EVP In-Flight Catering

Previous positions

- VP, IFC Western and Southern Regions (Jeddah, Madinah and Cairo Unit) at CATRION Catering Holding Co.
- General Manager, Jeddah and Cairo Unit, at CATRION Catering Holding Co.
- Regional Manager, Cairo Unit, at CATRION Catering Holding Co.
- Unit Operations Manager, Riyadh Unit, at CATRION Catering Holding Co.
- Ramp Manager, Unit Operations, Riyadh Unit, at CATRION Catering Holding Co.
- Section Manager, Unit Operations, Riyadh Unit, at CATRION Catering Holding Co.
- Assistant Manager, Unit Operations, Riyadh Unit, at CATRION Catering Holding Co.
- Assistant Manager – Equipment Control, Unit Operations, Riyadh Unit, at CATRION Catering Holding Co.
- Duty manager, Riyadh Unit, at CATRION Catering Holding Co.

Academic qualifications

- High School Graduate – Passed, 1989

Professional experience

Salah has more than 30 years of professional experience in the inflight catering and operations sector, during which he held multiple positions at CATRION Catering Holding Co., until he took up the position of VP, Western and Southern Regions. He previously held several positions in other companies, including Aljomaih Automotive Company, Yousef bin Ahmed Kanoo Ltd. and the Custom Office at King Fahd International Airport in Dammam.

The employment relationship between Al Umar and the company ended on 04/30/2023.

Obaidah AL Saggar

Current position

- VP Procurement and Strategic Sourcing

Previous positions

- Supply Chain Director @ DAA a DEDCO JV Company
- Corporate Supply Chain Senior Manager @ Basamh Trading Company.

Academic qualifications

- MBA from Maastricht School of Management (Distinguished Grade) in Strategic Management
- BS of Industrial Engineering from King Fahad University of Petroleum and Minerals (Honor Grade)

Professional experience

- Certified Project Management Professional, PMP
- Certified Supply Chain Management Professional, CSCP
- Certified in Logistics, Transportation and Distribution, CLTD
- Certified Supply Chain Manger
- Qualified Trainer
- Disruptive Strategy Harvard Business School
- PRISM - Management Leadership

Visionary and Strategic professional with more than 16 years of experience in supply chain, logistics, planning, operational cost optimization, procurement, supply and demand planning, Sales and operation planning. experienced in the industries of FMCG, Retail Business, Wholesale, Catering and Food Service, HoReCa, Clothing and Fashion, Sales and Distribution. Demonstrated achievement and experience in strategic management of supply chain, procurement and logistics operations, implementing highly reliable systems to control cost and supporting known future business needs in diverse industries.

Resourceful, analytical, and strategically inclined Supply Chain Seasoned leader experienced in designing, implementing and measuring integrated supply chain performance turnaround strategies, automating business processes and controls, and setting up businesses and new departments. Regularly delivered highly successful strategy transformations, operational realignment and streamlining, staff re-engagement, and major contract negotiation. Instrumental in creating synergies enabling business growth through accelerated throughput, reducing cost and lead times, and increasing capacity in both stable and unstable environments. Successful in implementing Procurement Module, Inventory Management Module, Distribution Planning Requirements Module in SAP, Oracle and other ERPs with integration with other modules.

Achieved many efficiencies and cost reduction projects that led to improve the profitability and optimize the working capital. Realized supply chain strategic objectives and plans/executes operational and technology programs and projects to provide clear views of the flow of products, services, and information. Managed complex distributed projects and teams with focus on team development, encouraging out of the box approaches and leading transformation and automation projects. Extensive experience with process improvement initiatives and techniques including transformation, process mapping, and gap analysis across multiple business domains. Achieved many leadership and excellence awards.

DR. Rashed Abdulrahman Alarfaj

Current position

- EVP In-Flight Catering

Previous positions

- Executive Director of Monitoring and Risk Assessment (SFDA)
- Acting executive Director of Risk Assessment (SFDA)
- Chief food industry specialist (SFDA)

Academic qualifications

- Doctor of Philosophy (PhD), Food Science and Technology, University of Reading
- Master of Science (MSc), Food Technology and Quality Assurance, King Saud University
- Bachelor of Science (BSc), Biochemistry

Professional experience

Since July 2021, DR. Alarfaj has been appointed as a Vice President for Health, Security and Standards Control at CATRION Catering Holding Co.. In his current role, he is responsible for the effective implementation of policies and procedures for Hygiene and Food Safety, Laboratory Management, Quality Management, Safety Management, Security Management, Enterprise Risk Management.

DR. Alarfaj is an experienced Senior Leader with a demonstrated history of working in the area of food safety, risk analysis, safety and sustainability.

Before joining at CATRION Catering Holding Co., he was the Executive Director of Monitoring and Risk Assessment at Saudi Food and Drug Authority (SFDA). During his work at SFDA, Dr. Alarfaj had a major contribution to the establishment of the International Risk Assessment Advisory Committee (IRAAC) as well as the formation of the International Forum of Heads of Food Agencies (HFAF).

DR. Alarfaj served as the chairman of many committees, including the National Committee for Sanitary and Phytosanitary Measures (SPS) where he represents the Kingdom at the World Trade Organization (WTO) between 2018 and 2021, and the Gulf Food Safety Committee where he also represents SFDA in Cooperation Council for the Arab States of the Gulf (GCC) between 2017 and 2021. In 2019, he was selected as a Reviewer at the Journal of Food Control, and in 2020 he was nominated as a Board Member at The Global Food Regulatory Science Society (GFoRSS).

DR. Alarfaj is a professional leader with a PhD degree focused in Food Science and Technology from University of Reading in the UK. He obtained his master's degree in Food Science and Quality Assurance from the same University, and a bachelor's degree in Biochemistry from King Saud University.

DR. Alarfaj is a passionate about Health, Food Safety and Risk Analysis as well as Sustainability. He has multiple papers published in International scientific journals in the area of Food Safety and Risk Assessment, last paper was "The occurrence and dietary intake related to the presence of micro-plastics in drinking water in Saudi Arabia" Journal of Environmental Monitoring and Assessment earlier this year.

Talal Al Toaimi

Current position

- VP- Airports Lounges

Previous positions

- Royal and VIP flights Supervisor.
- Assistant Executive Director of Prince Al-Waleed Bin Talal Palace.
- Other managerial positions

Academic qualifications

- Certificate in Technical Sciences from Riyadh Industrial College 1984-1987

Professional experience

Talal joined at CATRION Catering Holding Co. in 1989, then moved from the company to occupy various positions as supervisor of royal and VVIPs flights, and returned to join at CATRION Catering Holding Co. in 2004 and held several managerial positions . He has extensive experience of more than 30 years in the field of hospitality and catering and possesses excellent communication skills that enable him to maintain and create a good and profitable business relationship with clients.

His development has proven through his rise in the career ladder in leadership positions. Talal supervises the management and operation of business and hospitality lounges known as AlFursan lounges, as well as Welcome Lounges at the Kingdom's airports in Jeddah, Riyadh, Dammam, Madinah and Cairo, in addition to other hospitality sectors and centers. Al-Toaimi resigned and his employment relationship with the company ended on 02/14/2024.

Khalid Al- Redian

Current position

- VP, Central and Eastern Regions

Previous positions

- General Manger central production Unit
- Unit operation Manger
- Section Manager
- Assistant operation manager
- Section Head Royal and VIP flights

Academic qualifications

- English Language Certificate from Canada – Toronto Metro

Professional experience

Al- Redian has more than 30 years of professional experience in the inflight catering and operations sector, during which he held multiple positions in the at CATRION Catering Holding Co., the beginning of his work was a services representative in the Operations Department until he assumed the position of VP, Central and Eastern Regions,

Al- Redian has a full knowledge of gastronomy and food catering, he also attended many external and internal courses in the field of catering and administration.

The employment relationship between Al-Redian and the company ended on 09/06/2023.

Mohammed Aliy Yahya Al-Awi

Current position

- VP, Health, Security & Standards Control.

Previous positions

- Corporate Supply Chain Senior Manager @ Basamh Trading Company.
- Asir Municipality General Manager of Licenses and Inspection.
- Khamis Mushyete Municipality Deputy Mayor for Services.
- Khamis Mushyete Municipality Environmental Health.
- Khamis Mushyete Municipality Municipal Inspector.

Academic qualifications

- Future Leader Program – Harvard University, 2023.
- Executive Master of Business Administration – University of Northampton, UK.
- Doctor of Philosophy in Food Safety & Health – Heriot-Watt University, UK, 2016.
- Master of Science in Food Safety & Health – Heriot-Watt University, UK, 2011.
- Diploma in English Language, UK, 2010.
- Veterinary Medicine, King Faisal University, 2003.

Professional experience

Experienced manager with a demonstrated history of working in both government and private sectors for over 22 years. He has gained considerable experience in leadership, initiatives, and risk analysis, and has delivered high-end consulting services to the municipal sector. His expertise includes developing operating systems, corporate strategy, and strategic planning.

Roberto Mulfari

Current position

- VP, GIGA Projects

Previous positions

- Project Director
- Chief Construction Officer
- Director and Co-founder

Academic qualifications

- Bachelor of Civil Engineering

Professional experience

+30 year of experience in the construction industry within the Middle East, leading and delivering construction projects, incorporating residential, infrastructure, commercial and industrial builds including design and project management.

Companies worked in through the past years, LogiPoint, Saudi Airlines Catering, Sofitel Project and BEMCO, Saudi Binladin Group.

Thomas Andreas Gugler

Current position

- VP Culinary

Previous positions

- President World chefs
- President World chefs (World Association of Chefs Societies)
(Running a multimillion-dollar organization and 12 million professional chefs globally)
- CEO OF TAG

Academic qualifications

- Certified master degree in culinary arts

Professional experience

A proactive, focused and committed professional, with extensive expertise gained within the hotel/resort/restaurant/catering/competition and hospitality sector. Commercially astute, with the ability to identify business opportunities and implement effective trainings, novelty in food art, creativity in menu development and menu concepts, excellent leadership, HACCP and ISO certified and skilled, able to raise corporate profiles and consolidate year on year expansion. An accomplished time manager, organizer and change manager, capable of introducing and integrating innovative strategies, streamlining resources to maximize performance and quality standards to ensure the ongoing provision of the highest output of customer satisfaction. A well-presented, confident and articulate communicator and negotiator at all levels, who commands respect and credibility through the projection of a professional image

Ashraf M. Nadeem

Current position

- VP-Information Technology

Previous positions

- SVP- Hear IT Services – Saudi Nation Bank

Academic qualifications

- BS- Computer Engineer King Fahad University for Petroleum & Minerals

Professional experience

With a strong academic background in Computer Engineering from King Fahad University of Petroleum and Minerals, Dhahran, 25 years of experience to the role. Specialized in various sectors, including banking and retail, demonstrating expertise in IT and digital transformation, robotics and automation and strategic planning.

At Catrion, has successfully modernized infrastructure and application landscapes, while introducing in-house digitization and automation technologies. With strategic approach ensures the delivery of cost-effective and cutting-edge technology solution

Frederic Huet

Current position

- Vice President -Regional Operations Catering and Facilities

Previous positions

- Investisseur et opérateur restaurants at FMH Holding, FMH Journey
- Regional Segment director South East Asia & Hong Kong, at Sodexo
- Country General Manager, at Sodexo Indonesia
- President & CEO, at Sodexo New Caledonia
- Chief Operating Officer, at Sodexo Thailand
- Operations Director, at Sodexo France
- General Manager, 3 stars Hotel
- Food and Beverage Director, 3 stars Hotel-Spa
- Deputy Director, De Luxe" Hotel Restaurant

Academic qualifications

- BTS Hotellerie, ECOLE HOTELIERE DU TOUQUET PARIS PLAGES
- A-Levels (BAC), Hotel and Catering, Lycee hotelier Avesnes/helpe

Professional experience

More than 25 years in catering services and hospitality.

Saeed Al-Mufadali

Current position

- Vice President of Humna Resources

Previous positions

- Director, HR Strategy at Saudi Airlines Catering Co.
- Sr. Manager Strategy & Performance Control at Maaden
- Manager, Humna Resources
- Manpower Planning & OD Specialist at Maaden
- Admin Roles at SABIC

Academic qualifications

- MBS – Humna Resources.
- Bs. Public Administration

Professional experience

Around 25 years of experience in HR, Strategy and business control fields

14-2. Remunerations of Senior Executives including CEO and CFO

Item	Fixed Compensation			Varied Compensation				End of service reward	Total
	Salaries	Allowances	In-kind benefits	Periodic Remunerations	Long-term incentive plans	Granted Shares (value)	Total		
Total	4,341,267	2,094,402	6,435,669	686,116	2,800,000	-	3,486,116	548,989	10,470,774

Based on the company's organization chart, the CEO and CFO are among the top executives as their compensation are included in the above Executive Management's compensation.

The company has committed the disclosure of the Executives remuneration, in accordance with the statutory requirements contained in Article 93 of the Corporate Governance Regulations. The Company has addressed the Capital Market Authority (CMA) a letter registered under reference No. (2021033001/GCO/1067) concerning the optimal detail for the disclosure of the Executives' remuneration, as contained in Appendix No. (1) of the Corporate Governance Regulations and in accordance with Article (60) of the Rules for Offering Securities and Continuing Obligations. The Company's request is still under discussion with CMA where the Company aspires to reach an agreement with CMA regarding such disclosure in order to avoid any unjustified harm, and to give a correct impression on the mechanism of compensation procedures, which depends on the competitiveness of Human Capital. The Company will be committed to disclose according to the direction of CMA, in a way that serves the interests of investors and the stability of the Stock Market's disclosures.

14-3. Executive Management's Compensation Policy

- A The Board of Directors shall determine the compensation of the Chief Executive Officer in their appointment resolution and shall be stated in the contract with that Chief Executive Officer.
- B The Executive Management members' compensation shall be in accordance with the Company's internal policies, and shall be determined based on the employment grade of each member. This shall exclude the Chief Audit Executive who will have his compensation determined by the Board of Directors based on the Audit Committee's recommendation.
- C In determining compensations of the Executive Management, the size of the responsibilities, tasks, and duties and the expertise, qualifications, skills, and performance should be taken into account.
- D The Company should immediately stop a compensation of an Executive Management Member, upon its knowledge of any misleading information given by the Executive Management member to misuse his employment status to gain undeserved compensations. The Company reserves its right of claiming all undeserved compensation that was awarded to that member either internally, or externally by the responsible authorities.
- E The Nomination and Remuneration Committee should review the compensations of the Executive Management periodically to ensure its reasonable sufficiency to attract and retain members of merit and experience and motivate them to develop the Company on a long-term basis.
- F Indicators relating to performance should be taken into account when determining the remuneration of Executive Management members.

14-4. Relationship between Compensation and Policy

- a. The Chief Executive Officer's compensation was determined by the Board of Directors and is reflected in his employment contract.
- b. The Executive Management members' compensations were determined by the Company's internal policies, except for the Chief Audit Executive whose compensation was determined by the Board based on the Audit Committee's recommendation.
- c. The compensations were based on a performance indicator that Executive Management members are evaluated against annually.

15. Related Party Transactions

Saudi Airlines Establishment (Saudia) is the largest Shareholder in the Company. A large portion of the Company's business is conducted with Saudia, such as providing meals to passengers and crew on board Saudia flights, as well as other services such as producing and preparing menus, ground services that are mainly meals for the employees of this sector.

All contracts signed with related parties were approved during the meeting of the Company's General Assembly authorized for 2023. These related parties include Saudi Arabian Airlines Establishment, Saudi Airlines Cargo, Saudi Airlines Ground Services, Saudi Airlines Real Estate Development Company, Flyadeal, Jeddah Airport Company, and Saudi French Company for Operating and Managing Duty Free Markets.



15-1. Summary of the Transactions with the Related Parties

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Arabian Airlines Establishment	One of major shareholders in the Company who owns more than (5%) of the total company's capital and due to the membership of CATRION Board Director Mr. Fahad Moussa	In-flight catering services	This contract took effect on December 31st, 2019 and ends on December 31st, 2029	Provisional based on orders
		Catering and hospitality services for Al Forsan Lounge Terminal (5) in King Khaled International Airport	This contract took effect on October 4th, 2016 and ends on October 30th, 2025	Provisional based on orders
		Catering services in Al Forsan Lounge in Egypt International Airport	This contract took effect on January 17th, 2022 and ends on January 16th, 2027	Provisional based on orders
		Lease agreement in (AM1) building in King Khaled International Airport	This contract took effect on March 1st, 2016 and ends on February 29th, 2024	5,205,200 Saudi Riyal
		Catering services in (AM1) building in King Khaled International Airport	This contract took effect on March 1st, 2016 and ends on February 29th, 2024	Provisional based on orders
		Catering and Hospitality services for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	This contract took effect on February 22nd, 2017 and end on February 22nd, 2024	Provisional based on orders
		Catering and hospitality services for Al Forsan Lounges in King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	This contract took effect on 01/01/2021 and end on 31/12/2024	Provisional based on orders
		Catering Service to Saudia Reservations Diplomatic Quarter	This contract took effect on April 7th, 2016	Provisional based on orders
		Catering Service Agreement to Saudia Ticketing and Reservation office, Al Murooj	This contract took effect on October 17th, 2013	Provisional based on orders

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Arabian Airlines Establishment	One of major shareholders in the Company who owns more than (5%) of the total company's capital and due to the membership of CATRION Board Director Mr. Fahad Moussa	Inflight Catering Service to Saudia other flights	The contract entered into force 01/02/2019 and ends on 1/01/2023	Provisional based on orders
		Catering and hospitality services for Al Forsan Lounges for Saudia and other airlines cash passenger in King Abdulaziz International Airport in Jeddah King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Al Monawarah	The contract entered into force 16/04/2017 and ends on 15/04/2026	Provisional based on orders
		IT Service Level agreement with Saudia	The contract entered into force 01/05/2018 and ends on 30/04/2023	There is no value as per the contract nature
		Design, constructing and operating Alfursan Domestic lounge at the New King Abdulaziz International Airport in Jeddah	The term of the contract shall be for a term of (10) years starting from the actual operation date.	Provisional based on orders
		Design, constructing and operating Alfursan International lounge at the New King Abdulaziz International Airport in Jeddah	The contract entered into force 01/01/2019 and ends on 31/12/2029	Provisional based on orders
		MOU with Saudi, Catering Services Al Fursan (Domestic) lounge in King Fahd International Airport in Dammam	The contract entered into force 09/04/2014	Provisional based on orders
		Airlines Equipment	The contract entered into force on 25/01/2022	Provisional based on orders
		Delayed flights catering service	The contract entered into force on 27/12/2023 and the novation agreement began on 26/12/2025	Provisional based on orders
		Other services	Based on purchase order	Provisional based on orders

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Ground Services SGS	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Catering services in Jeddah, Riyadh, Dammam and Madinnah Al Monawarah	This contract took effect on 01/11/2020 and ends on 31/10/2023	Provisional based on orders
		Transport services agreement with SGS in King Fahad International Airport in Dammam	This contract took effect on November 28th, 2015 and ends on November 27th, 2024	Provisional based on orders
		Laundry services to SGS in , Jeddah, Riyadh, Dammam and Madinnah Al Monawarah	This contract took effect on 01/05/2021 and ends on 30/04/2024	Provisional based on orders
		Fuel services	This contract took effect on 01/06/2023 and expires on 31/05/2024	Provisional based on orders
		Accommodation services agreement with SGS in King Fahad International Airport in Dammam	This contract took effect on November 28th, 2015 and ends on November 27th, 2024	Provisional based on orders
		Lab services	Based on purchase order	Provisional based on orders
Saudi Airlines Cargo	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Cargo services	This contract took effect on December 8th, 2014 and ends on December 31st, 2024	Provisional based on orders
		Catering services	This contract took effect on 27/10/2019 and ends at the will of both parties	Provisional based on orders
Saudi Airlines Real Estate and Development Company SARED	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Lease agreement for commercial shops in Saudi City compound	This contract took effect on 01/07/2017 and ends on 31/12/2023	50,000 Saudi Riyal
		Investment of Motel in Saudi City compound	This contract took effect on April 1st, 2016 and ends on March 31st, 2023	2,400,000 Saudi Riyal
		Service Agreement with Saudi Airlines Real Estate Development Co. (SARED)	This contract took effect on December 1st, 2018 and ends on December 1st, 2023	Provisional based on orders
		Other services	Based on purchase order	Provisional based on orders
		Lease contract for Trip a Bite and Skysales shop located at Flight operation's new building	The contract entered into force on 01/09/2023 and the novation agreement began on 31/08/2024	136,000 Saudi Riyal
		Others lease and service contract Saudi Airlines Real Estate & Development Company SARED	Based on purchase order	Provisional based on orders

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Flyadeal	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Inflight Catering services and Skysales Services	This contract took effect on 01/03/2021 and ends on 28/02/2027	Provisional based on orders
		Inflight Catering services for delayed flights	This contract took effect on 01/12/2020 and ends on 30/10/2023	Provisional based on orders
		Lease agreement in (AM1) building in King Khaled International Airport	This contract took effect on 03/12/2018 and ends on 19/05/2026	SAR. 37.642.50 yearly
Al-Salam Aviation Industry Company	Saudi Arabian Airlines Establishment owns shares in Al-Salam Aviation Industry Company and due to the membership of Board Director Mr. Fahad Moussa	Catering services	The contract entered into force on 03/05/2010 and expires on 06/01/2023	Provisional based on orders
Saudi Private Aviation	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Inflight Catering services and Airline Equipment services	This contract took effect on 01/01/2010	Provisional based on orders
Saudia Aerospace Engineering Industries	Saudi Arabian Airlines Establishment owns shares in Al-Salam Aviation Industry Company and due to the membership of Board Director Mr. Fahad Moussa	Catering services	Based on purchase order	Provisional based on orders
Prince Sultan Aviation Academy	Saudi Arabian Airlines Establishment owns shares in Al-Salam Aviation Industry Company and due to the membership of Board Director Mr. Fahad Moussa	Catering services	Based on purchase order	Provisional based on orders
SAL Saudi Logistics Services Company	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of Board Director Mr. Fahad Moussa	Cargo services	Based on purchase order	Provisional based on orders

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi French Company for Operating and Managing Duty Free Shops	An affiliate company, which CATRION Catering Holding Co. owns 40% of the company's capital and also according to membership of Mr. Wajdy Al Ghabban Chief Executive Officer of at CATRION Catering Holding Co. and Mr. Mahmoud Masoud	Managing and Operating Duty Free Shops in the Airports. The transactions are administrative fees and some logistical services related to the management and operation of duty free shops	This contract took effect on November 23rd, 2016 and continues for 25 years and the Shareholders agreement stipulates that the services will continue throughout the duration of the Company	Provisional based on orders
Jeddah Airport Company	With regard to the membership of Eng. Raed AL Mudaiheem as he holding the position of Chairman of the Board of Directors of Jeddah Airport Company	Lease contract for retail shop at the aircraft maintenance hangar and the operations building at King Abdulaziz International Airport	The contract entered into force on 03/01/1429	SAR. 88,295 annually
		Lease contract for retail shop in International lounge Terminal 1 at King Abdulaziz International Airport	The contract entered into force on 05/30/2018 and the novation agreement began on 01/01/2022	SAR. 60,000 annually, in addition to a sales participation rate of 31%
		Lease agreement catering unite "203"	The novation agreement began on 01/01/2022	SAR. 24,5000,000 annually
		Lease contract for offices "RAMP" at King Abdulaziz International Airport	The contract entered into force on 04/09/1435	SAR. 198,100 annually
		Lease contract for office space (Apron Offices) at King Abdulaziz International Airport in Jeddah	The novation agreement began on 18/09/2022	SAR. 912,173.25 annually
		Lease contract for Wellcome Lounges at King Abdulaziz International Airport in Jeddah	The novation agreement began on 18/09/2022	Sales Commission
		Catering services to Jeddah Airport Company	Based on purchase order	Provisional based on orders

15-2. Income and expenses in SAR from related parties during 2023

Related party	Income	Expenses
Saudi Arabian Airlines Establishment	1,579,498,796	2,040,663
Abdulmohsen Abdulaziz Al-Hokair Holding Group	-	-
Saudi Airlines Cargo Company	5,963,682	1,995,031
Saudi French Company for Operating and Managing Duty Free Shops	7,131,112	-
Saudi Airlines Real Estate Development Company	1,724,230	3,379,477
Saudi Ground Services Company	59,283,561	4,349,479
Flyadeal Company	15,607,822	-
Saudia Royal Fleet	33,815,999	-
Al Salam Aviation Industry Company	147,552	-
Saudi Private Aviation Company	24,598,028	-
Saudia Aerospace Engineering Industries Company	2,438,520	-
Prince Sultan Aviation Academy	12,133	-
Jeddah Airport Company*	70,036	29,244,341

* Added as per CMA regulations and not it is not included in the financial statement based on IFRS standard

15-2. Accounts payable and receivable in SAR from related parties during 2023

Related party	Receivables	Payables
Saudi Arabian Airlines Establishment	231,652,733	113,990
Abdulmohsen Abdulaziz Al-Hokair Holding Group	-	-
Saudi Airlines Cargo Company	1,822,441	-
Saudi French Company for Operating and Managing Duty Free Shops	699,030	-
Saudi Airlines Real Estate Development Company	-	-
Saudi Ground Services Company	21,911,720	-
Flyadeal Company	2,835,303	-
Saudia Royal Fleet	21,875,274	-
Al Salam Aviation Industry Company	682,971	-
Saudi Private Aviation Company	8,180,216	-
Saudia Aerospace Engineering Industries Company	9,973,570	-
Prince Sultan Aviation Academy	50,073	-
Jeddah Airport Company*	-	2,258

* Added as per CMA regulations and not it is not included in the financial statement based on IFRS standard

16. Business and contracts that the company is a party in, and in it or has an interest of one of the members of the board of directors and the company's executives or any person related to any of them

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
In-flight catering services to Saudia Airlines Est in Al Forsan	Provisional based on orders	This contract took effect on December 31st, 2019 and ends on December 31st, 2029	No preferential conditions compared to local market	Mr. Fahad Moussa, in his capacity as the EVP, Investment at Saudia Arabian Airlines Corporation, Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, Board Member and Audit Committee Member at SAL Saudi Logistics Services.
Catering and hospital-ity services to Saudia Airlines Est in Al Forsan for Al Forsan Lounge Terminal (5) in King Khaled International Airport	Provisional based on orders	This contract took effect on October 4th, 2016 and ends on October 30th, 2025	No preferential conditions compared to local market	
Catering services to Saudia Airlines Est in Al Forsan in Al Forsan Lounge in Egypt International Airport	Provisional based on orders	This contract took effect on January 17th, 2022 and ends on January 16th, 2027	No preferential conditions compared to local market	
Lease agreement with Saudia Airlines Est in Al Forsan in (AM1) building in King Khaled International Airport	Provisional based on orders	This contract took effect on March 1st, 2016 and ends on February 29th, 2024	No preferential conditions compared to local market	
Catering services to Saudia Airlines Est in Al Forsan in (AM1) building in King Khaled International Airport	Provisional based on orders	This contract took effect on March 1st, 2016 and ends on February 29th, 2024	No preferential conditions compared to local market	
Catering and Hospital-ity services to Saudia Airlines Est in Al Forsan for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	Provisional based on orders	This contract took effect on February 22nd, 2017 and end on February 22nd, 2024	No preferential conditions compared to local market	
Catering and hospital-ity services to Saudia Airlines Est in Al Forsan for Al Forsan Lounges in King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	Provisional based on orders	This contract took effect on 01/01/2021 and end on 31/12/2024	No preferential conditions compared to local market	

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Catering Service to Saudia Airlines Est in Al Forsan Reservations Diplomatic Quarter	Provisional based on orders	This contract took effect on April 7th, 2016	No preferential conditions compared to local market	Mr. Fahad Moussa, in his capacity as the EVP, Investment at Saudia Arabian Airlines Corporation, Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, Board Member and Audit Committee Member at SAL Saudi Logistics Services.
Catering Service Agreement to Saudia Airlines Est in Al Forsan Ticketing & Reservation office, Al Murooj	Provisional based on orders	This contract took effect on October 17th, 2013	No preferential conditions compared to local market	
Inflight Catering Service to Saudia other flights	Provisional based on orders	The contract entered into force 01/02/2019 and ends on 1/01/2023	No preferential conditions compared to local market	
Catering and hospital-ity services to Saudia Airlines Est in Al Forsan for Al Forsan Lounges for Saudia and other airlines cash passenger in King Abdulaziz International Airport in Jeddah King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Al Monawarah	Provisional based on orders	The contract entered into force 16/04/2017 and ends on 15/04/2024	No preferential conditions compared to local market	
IT Service Level agreement with Saudia Airlines Est in Al Forsan	Provisional based on orders	The contract entered into force 01/05/2018 and ends on 30/04/2023	No preferential conditions compared to local market	
Design, constructing and operating Alfursan Domestic lounge at the New King Abdulaziz International Airport in Jeddah with Saudia Airlines Est in Al Forsan	Provisional based on orders	The term of the contract shall be for a term of (10) years starting from the actual operation date.	No preferential conditions compared to local market	
Design, constructing and operating Alfursan International lounge at the New King Abdulaziz International Airport in Jeddah with Saudia Airlines Est in Al Forsan	Provisional based on orders	The contract entered into force 01/01/2019 and ends on 31/12/2029	No preferential conditions compared to local market	
MOU with Saudia Airlines Est in Al Forsan, Catering Services Al Fursan lounge in King Fahd International Airport in Dammam	Provisional based on orders	The contract entered into force 09/04/2014	No preferential conditions compared to local market	

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Catering services Saudi Ground Services Co. in Jeddah, Riyadh, Dammam and Madinnah Al Monawarah	Provisional based on orders	This contract took effect on 01/11/2020 and ends on 31/10/2022	No preferential conditions compared to local market	Mr. Fahad Moussa, in his capacity as the EVP, Investment at Saudia Arabian Airlines Corporation, Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, Board Member, ExCom Member and Audit Committee Member at SAL Saudi Logistics Services.
Transport services agreement with SGS in King Fahad International Airport in Dammam	Provisional based on orders	This contract took effect on November 28th, 2015 and ends on November 27th, 2024	No preferential conditions compared to local market	
Laundry services to Saudi Ground Services Co. SGS in , Jeddah, Riyadh, Dammam and Madinnah Al Monawarah	Provisional based on orders	This contract took effect on 01/05/2021 and ends on 30/04/2024	No preferential conditions compared to local market	
Fuel services from Saudi Ground Services Co.	Provisional based on orders	This contract took effect on 01/06/2023 and expires on 31/05/2025	No preferential conditions compared to local market	
Accommodation services agreement with Saudi Ground Services Co. SGS in King Fahad International Airport in Dammam	Provisional based on orders	This contract took effect on November 28th, 2015 and ends on November 27th, 2024	No preferential conditions compared to local market	
Cargo services from Saudi Airlines Cargo	Provisional based on orders	This contract took effect on December 8th, 2014 and ends on December 31st, 2024	No preferential conditions compared to local market	
Catering services to Saudi Airlines Cargo	Provisional based on orders	This contract took effect on 27/10/2019 and ends at the will of both parties	No preferential conditions compared to local market	
Lease agreement with Saudi Airlines Real Estate and Development Company SARED for commercial shops in Saudi City compound	Provisional based on orders	This contract took effect on 01/07/2017 and ends on 31/12/2023	No preferential conditions compared to local market	
Investment of Motel in Saudi City compound with Saudi Airlines Real Estate & Development Company SARED	Provisional based on orders	This contract took effect on April 1st, 2016 and ends on March 31st, 2023	No preferential conditions compared to local market	

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Service Agreement with Saudi Airlines Real Estate Development Co. (SARED)	Provisional based on orders	This contract took effect on December 1st, 2018 and ends on December 1st, 2023	No preferential conditions compared to local market	Mr. Fahad Moussa, in his capacity as the EVP, Investment at Saudia Arabian Airlines Corporation, Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, Board Member, ExCom Member and Audit Committee Member at SAL Saudi Logistics Services.
Inflight Catering services, equipment and Skysales Services to Flyadeal Co,	Provisional based on orders	This contract took effect on 01/03/2021 and ends on 28/02/2027	No preferential conditions compared to local market	
Inflight Catering services for delayed flights to Flyadeal Co.	Provisional based on orders	This contract took effect on 01/12/2020 and ends on 30/10/2023	No preferential conditions compared to local market	
Inflight Catering services to Saudi Royal Aviation	Provisional based on orders	This contract took effect on 01/06/2021 and ends on 31/05/2024	No preferential conditions compared to local market	
Inflight Catering services to Al-Salam Aviation Industry Company	Provisional based on orders	The contract entered into force on 03/05/2010 and expires on 06/01-2023	No preferential conditions compared to local market	
Lease agreement with Flyadeal AM1	SAR. 37,642.50 rannually	The contract entered into force on 12/03/2018 and ends on 05/19/2026	No preferential conditions compared to local market	
Inflight Catering services and Airline Equipment services to Saudi Private Aviation	Provisional based on orders	This contract took effect on 01/01/2010	No preferential conditions compared to local market	
Catering services to Saudia Aerospace Engineering Industries	Provisional based on orders	Based on purchase order	No preferential conditions compared to local market	
Catering services to Prince Sultan Aviation Academy	Provisional based on orders	Based on purchase order	No preferential conditions compared to local market	
Airlines Equipment agreement with Saudia Airlines Est	Provisional based on orders	The contract entered into force on 25/01/2022	No preferential conditions compared to local market	
Delayed flights catering service to Saudia Airlines Est	Provisional based on orders	The contract entered into force on 27/12/2023 and the novation agreement began on 26/12/2025	No preferential conditions compared to local market	

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Other services rendered to Saudia Airlines Est	Provisional based on orders	Based on purchase order	No preferential conditions compared to local market	Mr. Fahad Moussa, in his capacity as the EVP, Investment at Saudia Arabian Airlines Corporation, Board Member, NRC Chairman and ExCom Member at Saudi Airlines Cargo Company, Board Member, ExCom Member and Audit Committee Member at SAL Saudi Logistics Services.
Lab services to Saudi Ground Services Co.	Provisional based on orders	Based on purchase order	No preferential conditions compared to local market	
Cargo services from SAL	Provisional based on orders	Based on purchase order	No preferential conditions compared to local market	
Other services to Saudi Airlines Real Estate & Development Company SARED	Provisional based on orders	This contract took effect on 01/06/2023 and expires on 31/05/2025	No preferential conditions compared to local market	
Lease contract Saudi Airlines Real Estate & Development Company SARED for Trip a Bite and Skysales shop located at Flight operation's new building	SAR. 136,000	The contract entered into force on 01/09/2023 and the novation agreement began on 31/08/2023	No preferential conditions compared to local market	
Lease contract for retail shop at the aircraft maintenance hangar and the operations building at King Abdulaziz International Airport	SAR. 88,295 annually	The contract entered into force on 03/01/1429	No preferential conditions compared to local market	
Lease contract for retail shop in International lounge Terminal 1 at King Abdulaziz International Airport	SAR. 60,000 annually, in addition to a sales participation rate of 31%	The contract entered into force on 05/30/2018 and the novation agreement began on 01/01/2022	No preferential conditions compared to local market	With regard to the membership of Eng. Raed AL Mudaiheem as he holding the position of Chairman of the Board of Directors of Jeddah Airport Company
Lease agreement catering unite "203"	SAR. 24,5000,000 annually	The novation agreement began on 01/01/2022	No preferential conditions compared to local market	
Lease contract for offices "RAMP" at King Abdulaziz International Airport	SAR.198,100 annually	The contract entered into force on 04/09/1435	No preferential conditions compared to local market	

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Lease contract for office space at King Abdulaziz International Airport in Jeddah	SAR. 912,173.25 annually	The novation agreement began on 18/09/2022	No preferential conditions compared to local market	With regard to the membership of Eng. Raed AL Mudaiheem as he holding the position of Chairman of the Board of Directors of Jeddah Airport Company
Lease contract with Jeddah Airport Company for Wellcome Lounges at King Abdulaziz International Airport in Jeddah	Sales Commission	The novation agreement began on 18/09/2022	No preferential conditions compared to local market	
Catering services to Jeddah Airport Company	Provisional based on orders	Provisional based on orders	No preferential conditions compared to local market	

17. Summary of payments made to the government during 2023

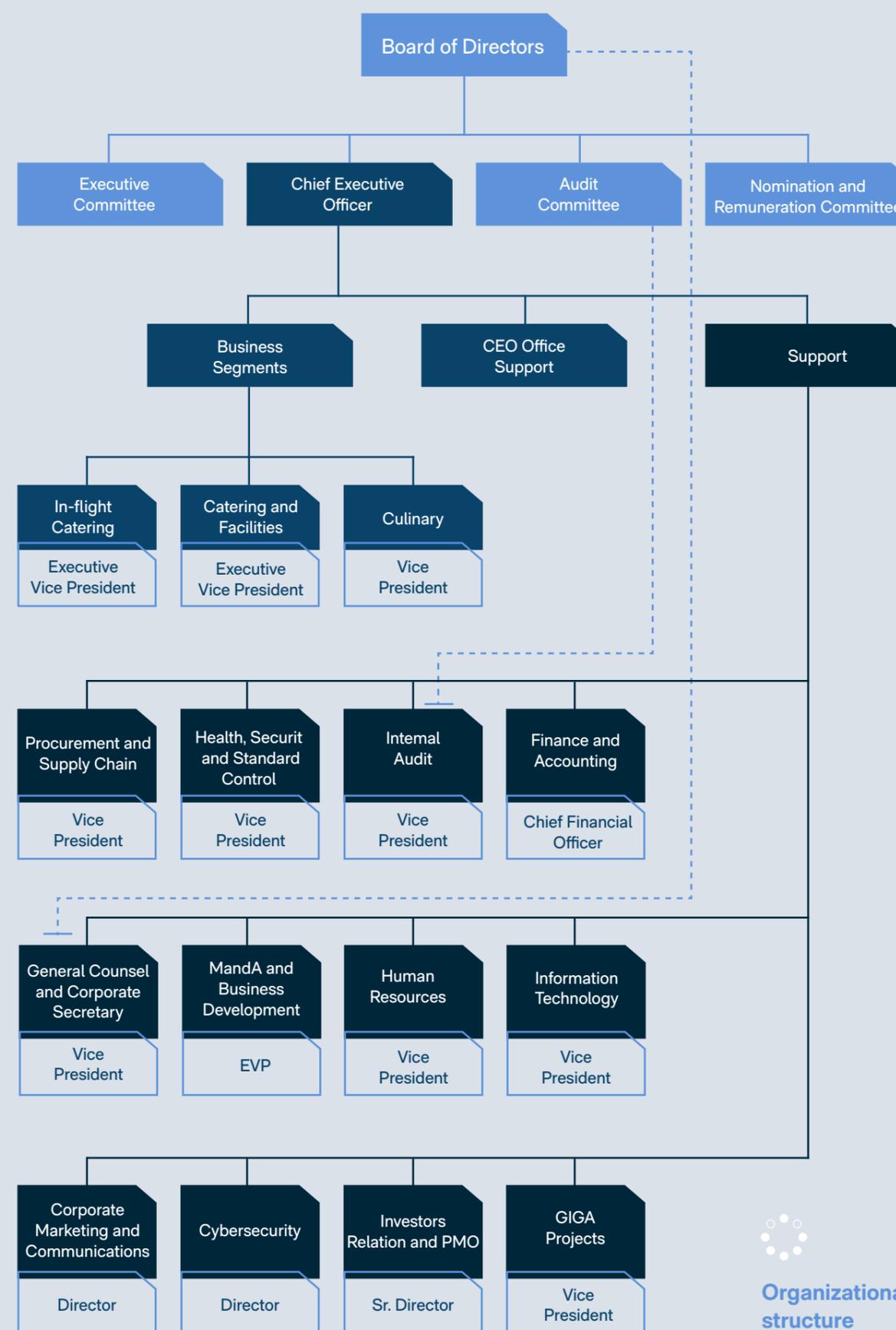
Declaration	Amount paid	Amount due	Summary	Reasons
GOSI	41,560,215	-	December 2023 month due amount was paid in end of December 2023.	December 2023 month due amount was paid in end of December 2023.
Customs	16,966,151	-	All Actual Payments to Customs in FY2023	All Actual Payments to Customs in FY2023
Visas/Passports/Labor Office Fees	42,247,481	-	All Actual Payments to Ministry of Labor and Ministry of Interior	All Actual Payments to Ministry of Labor and Ministry of Interior
Zakat	30,002,081	32,655,727	Fiscal year 2023 provision	Payable in April 2024

18. Due payments SAR 2023

Year	2019	2020	2021	2022	2023
Employee payments	30,736,110	31,759,710	37,721,263	38,226,625	45,433,737
Expenses and other liabilities	138,489,151	100,996,280	163,562,197	232,626,155	256,287,918
Trade payables	281,760,184	255,695,098	212,502,673	135,604,191	155,351,096
Zakat and income tax	34,182,178	11,518,715	12,948,211	21,650,574	25,528,529
Total	204,813,648	144,274,705	214,231,671	292,503,354	327,250,184

19. Organizational structure

The Company retains the services of experienced specialists relating to key operational and supportive function activities. The Company maintains a high standard of knowledge and skills required to manage the Company's operations through several administrations, all of which are coordinated by the CEO. The administration and supervision of the company's activities shall be undertaken by a distinguished elite of the Board of Directors' members and an efficient administrative staff with expertise and high calibre, whose tasks shall be distributed according to the following Organizational structure:



20. Internal audit and annual audit results of internal control systems

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of CATRION.

The internal audit vision is to act as a catalyst in improving the internal control environment through raising awareness and providing assurance, in addition to developing creative audit approaches in response to change.

On the other hand, the mission of the internal audit activity is to assist in the protection and enhancement of the Company's values and support the Company's mission and objectives by providing independent objective assurance and consulting services to the Board of Directors and the Audit Committee. The scope also includes the examination and evaluation of the validity and effectiveness of the governance systems, risk management and internal procedures of the company in addition to checking the quality of performance of the responsibilities assigned to managers in order to achieve the company's goals.

The Internal Audit activity is established by the Board of Directors and the Audit Committee. The Internal Audit activity's responsibilities are defined by the Board and Audit Committee. The internal audit activity is governing itself by adherence to 'The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (The Standards).

The internal audit activity is also adhering to relevant CATRION's policies and procedures. The Internal Audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of CATRION's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities. The Internal Audit activity is also having free and unrestricted access to the Board and Audit Committee

The VP – Chief Audit Executive is reporting functionally to the Audit Committee and administratively to the Chief Executive Officer.

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or reporting content to permit maintenance of a necessary independent and objective mental attitude.

The VP – Chief Audit Executive confirms to the Board, at least annually, the organizational independence of the internal audit activity. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

On an annual basis, the VP – Chief Audit Executive submits to the Board and Audit Committee the internal audit plan for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management and the Board. A written report will be prepared and issued by the VP – Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board. This report may include management action plan to clear any reported findings. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

During 2023, the VP – Chief Audit Executive confirmed to the Audit Committee that CATRION management did not impose any scope limitation on the internal audit scope. In addition, the Audit Committee confirmed that there were no substantial findings related to the annual internal control effectiveness review or any material departure to the Company's policies and internal regulations. In addition, the Audit Committee did not discover any irregularities or any obvious weaknesses in the internal control system of the Company or in any of its various audited operations during 2023.

21. Shareholders' capital shares ratio

The shareholder	The capital as in 01/01/2023	Number of Shares	Percentage	The capital as in 31/12/2023	Number of Shares	Percentage	Percentage Changes
Saudi Airlines Establishment	292,740,000	29,274,000	35.70	292,740,000	29,274,000	35.70	00.00
Abdulmohsen Abdulaziz Al Hokair Group	77,112,560	7,711,256	9.40	67,112,560	6,711,256	08.02	-15%
The public	450,147,440	45,014,744	54.31	460,147,440	46,014,744	56.1	3.2%
Total	820,000,000	82,000,000	100	820,000,000	82,000,000	100	00.00

22. Structure of distribution of capital and shares on Shareholders as of 31 December 2023

Saudi Airlines Establishment – 35.7%
Abdulmohsen Abdulaziz Al-Hokair Holding Group – 8.2%
Public – 56.1%

23. Dividend Policy

- A** The Company may distribute interim dividends to its shareholders annually, semi-annually, or quarterly, according to the regulations set by the competent authorities
- B** The distribution of the Company's net annual, semi-annual, or quarterly profits shall follow the following guidelines:
 - 1** The Ordinary General Assembly may authorize the Board of Directors to distribute interim dividends to its shareholders annually, semi-annually, or quarterly, based on a resolution from the Assembly renewed annually.
 - 2** The distributable profits shall consist of the net income of the financial year, less any amounts set aside to reserves constituted by the Ordinary General Assembly, if any, and added to the retained profits and distributable reserves composed of profits.
 - 3** The Ordinary General Assembly may, upon the proposal of the Board of Directors, allocate a certain percentage of the net profits to create a contractual reserve to be dedicated to specific purposes, as decided by the Ordinary General Assembly.
 - 4** The Ordinary General Assembly may decide to create other reserves to the extent that serves the interest of the Company or ensures the distribution of fixed dividends to shareholders, as much as possible. The said Assembly may also set aside amounts from the net profits to establish non-profit institutions for the benefit of the Company's employees or to assist existing institutions.

- 5 The Ordinary General Assembly may use the retained profits and distributable contractual reserves to pay the remaining amount of the share's value or part of it, ensuring equality among shareholders.

The Ordinary General Assembly may also decide, based on the Board of Directors' proposal, to allocate the reserves that have been set aside according to any regulatory requirements preceding the date of adopting these Articles, if it benefits the Company or the shareholders.

The following table shows the profits distributed for the year 2023:

Announcement Date	Eligibility date	Distribution date	Share of distribution	The distribution percentage	The total amount distributed
2/Aug/2023	10/Aug/2023	31/Aug/2023	SAR 1.00	10%	SAR 82,000,000
23/Mar/2023	2/Apr/2023	30/Apr/2023	SAR 0.50	5%	SAR 41,000,000

Subsequent to the 2023 year-end, the Board approved the distribution of cash dividends to the shareholders for the second half of the fiscal year 2023G as follows:

Announcement Date	Eligibility date	Distribution date	Share of distribution	The distribution percentage	The total amount distributed
24/Mar/2024	3/Apr/2024	24/Apr/2024	SAR 1.10	11%	SAR 90,200,000

24. General Assembly

24-1. General Assembly meetings

CATRION Catering Holding Company held two successful meetings of the General Assembly during the year 2023. The company has announced the dates of these assemblies on the "Tadawul" website and other platforms as required by the relevant laws and regulations and within the statutory period required by the relevant laws and regulations.

The following are the resolutions that were approved during those meetings:

1) Ordinary General Assembly meeting (First Meeting) held on Monday 18/10/1444H corresponding to 08/05/2023.

1. Approval on the Board of Directors' report for the fiscal year ending on 31st December 2022.
2. Approval on the financial statements for the fiscal year ending on 31st December 2022.
3. Approval on the auditor/s report on the Company's accounts for the fiscal year ending on 31st December 2022.

4. Approval on the appointing of Ernest and Young EY as the company's external auditor for the financial audit and review of the Company's financial statements for the second, third, and 2023 year end, and first, second, third, and 2024 year end, and the first quarter of 2025 and determining their fees.
5. Approval on the discharge of the Board of Directors from the liability for their activities for the year ending on 31/12/2022.
6. Approval on delegating the Board of Directors to distribute interim dividends on a biannual/quarterly basis for the fiscal year 2023G.
7. Approval on paying an amount of (SAR 3,730,411) as remuneration to the Board members for the fiscal year ending on 31/12/2022G.
8. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the providing inflight catering and other service to Saudia, with a total amount of SR 1,251,845,262 for the year 2022, without any preferential conditions compared to the local market.
9. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the providing of catering and hospitality services for Al Forsan Lounge Terminal (5) in King Khaled International Airport, with a total amount of SR 60,668,258 for the year 2022, without any preferential conditions compared to the local market.
10. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the providing of catering services in Al Forsan Lounge in Egypt International Airport, with a total amount of SR 7,105,644 for the year 2022, without any preferential conditions compared to the local market.
11. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the lease agreement with Saudia in (AM1) building in King Khaled International Airport, with a total amount of SR 2,688,196.46 for the year 2022, without any preferential conditions compared to the local market.
12. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the services to Saudia in (AM1) building in King Khaled International Airport, with a total amount of SR 3,617,584 for the year 2022, without any preferential conditions compared to the local market.
13. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the catering and Hospitality services to Saudia for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara, with a total amount of SR 2,677,126 for the year 2022, without any preferential conditions compared to the local market.
14. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the catering Service to Saudia Reservations Diplomatic Quarter, with a total amount of SR 140,941 for the year 2022, without any preferential conditions compared to the local market.

15. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the catering service to Saudia Ticketing and Reservation office, Al Murooj, with a total amount of SR 1,031,181 for the year 2022, without any preferential conditions compared to the local market.
16. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the IT Service Level agreement with Saudia, with a total amount of SR 1,174,401 for the year 2022, without any preferential conditions compared to the local market.
17. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the design, constructing and operating Alfursan International lounge at the New King Abdulaziz International Airport in Jeddah, with a total amount of SR 57,622,049 for the year 2022, without any preferential conditions compared to the local market.
18. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the design, constructing and operating Alfursan Domestic lounge at the New King Abdulaziz International Airport in Jeddah, with a total amount of SR 28,713,137 for the year 2022, without any preferential conditions compared to the local market.
19. Approval on transactions and contracts concluded with Saudi Airlines Establishment "Saudia", within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the MOU with Saudia for Al Fursan lounge in King Fahd International Airport in Dammam, with a total amount of SR 9,260,955 for the year 2022, without any preferential conditions compared to the local market.
20. Approval on transactions and contracts concluded with Saudi Ground Services Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the catering services to Saudi Ground Services Co. in Jeddah, Riyadh, Dammam and Madinnah Al Monawarah, with a total amount of SR 28,683,149 for the year 2022, without any preferential conditions compared to the local market.
21. Approval on transactions and contracts concluded with Saudi Ground Services Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the transport services agreement with SGS in King Fahad International Airport in Dammam, with a total amount of SR 234,707 for the year 2022, without any preferential conditions compared to the local market.
22. Approval on transactions and contracts concluded with Saudi Ground Services Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the laundry services to Saudi Ground Services Co. SGS in , Jeddah, Riyadh, Dammam and Madinnah Al Monawarah, with a total amount of SR 11,113,130 for the year 2022, without any preferential conditions compared to the local market.
23. Approval on transactions and contracts concluded with Saudi Ground Services Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the accommodation services to Saudi Ground Services Co. SGS in King Fahad International Airport in Dammam, with a total amount of SR 2,079,488 for the year 2022, without any preferential conditions compared to the local market.
24. Approval on transactions and contracts concluded with Saudi Airlines Cargo, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the Cargo services from Saudi Airlines Cargo, with a total amount of SR 3,064,880 for the year 2022, without any preferential conditions compared to the local market.
25. Approval on transactions and contracts concluded with Saudi Airlines Cargo, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the catering services to Saudi Airlines Cargo, with a total amount of SR 7,195,586 for the year 2022, without any preferential conditions compared to the local market.
26. Approval on transactions and contracts concluded with Saudi Airlines Real Estate and Development Company SARED, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the Lease agreement with Saudi Airlines Real Estate and Development Company SARED for commercial shops in Saudi City compound, with a total amount of SR 50,000 for the year 2022, without any preferential conditions compared to the local market.
27. Approval on transactions and contracts concluded with Saudi Airlines Real Estate and Development Company SARED, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the investment of Motel in Saudi City compound, with a total amount of SR 3,043,220 for the year 2022, without any preferential conditions compared to the local market.
28. Approval on transactions and contracts concluded with Flyadeal Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the Inflight Catering services and Skysales Services to Flyadeal Co, with a total amount of SR 8,095,464 for the year 2022, without any preferential conditions compared to the local market.
29. Approval on transactions and contracts concluded with Flyadeal Co., within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the inflight catering services for delayed flights to Flyadeal Co., with a total amount of SR 848,698 for the year 2022, without any preferential conditions compared to the local market.
30. Approval on transactions and contracts concluded with Al-Salam Aviation Industry Company, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the inflight catering services to Al-Salam Aviation Industry Company, with a total amount of SR 457,889 for the year 2022, without any preferential conditions compared to the local market.
31. Approval on transactions and contracts concluded with Saudi Private Aviation Company, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the Inflight Catering services to Saudi Private Aviation Company, with a total amount of SR 28,683,506 for the year 2022, without any preferential conditions compared to the local market.
32. Approval on transactions and contracts concluded with Saudia Aerospace Engineering Industries Company, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the

nature of those transactions evolve around the Catering services to Saudia Aerospace Engineering Industries Company, with a total amount of SR 2,446,613 for the year 2022, without any preferential conditions compared to the local market.

33. Approval on transactions and contracts concluded with Prince Sultan Aviation Academy, within which SACC's Board of Directors member Mr. Fahad Abdullah Moussa holds indirect interest as he is the EVP, Investment – Saudia Arabian Airlines Corporation, the nature of those transactions evolve around the Catering services to Saudia Aerospace Engineering Industries Company, with a total amount of SR 63,854 for the year 2022, without any preferential conditions compared to the local market.
34. Approval on transactions and contracts concluded with SACC's Board of Directors member Mr. Dilip Nijhawan, the nature of those transactions evolve around the consultancy service agreement to Saudi Airlines Catering Co., with a total amount of SR 281,250 for the year 2022, without any preferential conditions compared to the local market.

2) Extra Ordinary General Assembly meeting (First Meeting) held on Thursday 12/10/2023G corresponding to 27/03/1445H

1. Approval of the amendment of the Company's bylaws, to be in line with the new Companies Law.
2. Approval of the amendment of article (2) of the Company's Bylaw regarding the Name of the Company.
3. Approval of the amendment of article (4) of the Company's Bylaw regarding the Company's activities.
4. Approval of the amendment of article (5) of the Company's Bylaw regarding the Participation with other Companies.
5. Approval of the amendment of article (9) of the Company's Bylaw regarding Preferential Shares.
6. Approval of the amendment of article (11) of the Company's Bylaw regarding the Shares Issuance.
7. Approval of the amendment of article (13) of the Company's Bylaw regarding the Buy-Back of Shares.
8. Approval of the amendment of article (22) of the Company's Bylaw regarding the Remunerations of the Board of Directors Members.
9. Approval of the amendment of article (23) of the Company's Bylaw regarding the Chairman of the Board, Vice-Chairman, Managing Director and Board Secretary.
10. Approval of the amendment of article (28) of the Company's Bylaw regarding the General Assembly.
11. Approval of the amendment of article (47) of the Company's Bylaw regarding Dividends Distribution.
12. Approval of the re-arranging and re-numbering of the articles of the Company's bylaws, to be in line with the recommended amendments.
13. Approval of the amendment of Company's Corporate Governance Manual regarding.
14. Approval of the Board of Directors' resolution to appoint Mr. Dilip Nijhawan as a member of the Audit Committee, starting from 11/05/2023G until the end of the current committee session ending on 25/01/2025G.
15. Approval of the Board of Directors' resolution to appoint Mr. Faisal Saeed Sabbagh as a member of the Audit Committee, starting from 04/09/2023G until the end of the current committee session ending on 25/01/2025G.

24-2. Attendance of the General Assembly by the Board of Directors' members and the Committees' members and Executive Management's members

Name	Membership	Type of membership	General Assembly		Total meetings
			08/05/23	12/10/23	
Mohammed Al Sarhan	Chairman of the Board Directors, Member of the Nomination and Remuneration Committee, Chairman of the Executive Committee	Independent	✓	✓	2
Raed Al Mudaiheem	Vice Chairman of Board of Directors, Chairman of the Audit Committee	Non-Executive	✓	✓	2
Yousef Al Yousefi	Member of Board of Directors, Chairman of the Nomination and Remuneration Committee	Independent	✓	✓	2
Sami Al-Hokair	Member of the Board of Directors, Member of the Executive Committee	Non-Executive	x	✓	1
Fahad Moussa	Member of the Board of Directors, Member of the Executive Committee	Non-Executive	✓	✓	2
Abdulwahab AL Butairi	Member of the Board of Directors, Member of the Executive and Audit Committee	Independent	✓	✓	2
Fadi Majdalani	Member of Board of Directors, Nomination and Remuneration Committee member, Member of the Executive Committee	Independent	✓	✓	2
Dilip Nijhawan	Member of the Board of Directors, Audit Committee member	Independent	✓	✓	2
Olivier Harnisch	Member of Board of Directors, Nomination and Remuneration Committee member	Independent	✓	x	1
Wajdy Al Ghabban	Chief Executive Officer	Executive	✓	✓	2

25. Compliance with Laws and Regulations

The Company is committed to maintaining the best standards of quality and performance in all its activities. This commitment extends to include the rules provided for in the Corporate Governance Regulations, Rules on the Offer of Securities and Continuous Obligations, Listing Rules, and any other relevant law and regulation. The Company is fully committed to applying its best efforts towards the rules included in the Corporate Governance Regulations and Listing Rules in all its operations.

The Company has a comprehensive policy on the implementation of Corporate Governance Regulations through the continuous update of the Corporate Governance Manual of the Company based on the updates in the laws, regulations and international best practices to be adhered to by stakeholders such as directors, managers and employees, in order to protect the interests of the Company and other relevant parties. The Board of Directors, with help from its sub-committees such as the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee, provides continuous support to promote compliance with Corporate Governance Regulations while ensuring continuous review and effective implementation.

On 10/12/2023, the company's General Assembly approved amending the company's bylaw and the governance manual to be consistent with the Companies Law, the Amended Corporate Governance Law, and other relevant regulations.

The company applies all provisions of the Corporate Governance Regulation issued by the Capital Market Authority. The following highlights are the articles of the Corporate Governance Regulations that have not been implemented, and the reasons:

—○ **Clause 3 article 44 Rules of Competing with the Company**

The chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board, or a member of one of its committees, is engaged in, after the Board assesses the board member's competition with the company's business or if he/she is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly upon a proposal from the Board and published on the company's website, provided that such businesses are assessed on annual basis.

Reason:

This requirement is new, and the company is still during the grace period, the policy will be approved during the next General Assembly meeting will be held in 2024G.

Fifth chapter:

—○ **Article 67:**

The Company's Board shall, by resolution therefrom, form a committee to be named the 'risk management committee'. The Chairman and the majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.

—○ **Article 68:**

The competencies of the risk management committee shall include the following:

- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
- determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level;
- ensuring the feasibility of the Company's continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months;
- overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein;
- regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);
- preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;
- providing recommendations to the Board on matters related to risk management;
- ensuring the availability of adequate resources and systems for risk management;
- reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;
- verifying the independence of the risk management employees from activities that may expose the Company to risk;
- ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk;
- reviewing any issues raised by the audit committee that may affect the Company's risk management.

—○ **Article 69: Meetings of the Risk Management Committee**

The risk management committee shall convene periodically at least once every six months, and as may be necessary.

Reason:

The Board did not form a risk committee because the formation of this type of committee is optional. However, the tasks of the company's risk committee are entrusted to the audit committee, the company's external and internal auditor, and also the company Risk Management Department.

—○ **Article 84:**

The Ordinary General Assembly, based on the Board's recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purpose of developing the social and economic conditions of the community.

Reason:

This is an optional article. However, the company has a policy that guarantees a balance between its objectives and those of the community for the purpose of developing the social and economic conditions of the community, and in line with the plans and future visions set by the state.

—○ **Article 85:**

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:

- establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
- disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company;
- establishing awareness programs to the community to familiarize them with the Company's social responsibility.

Reason:

This is an optional article.

—○ **Article 90:**

Provide the necessary details regarding bonuses and compensation paid for each of the following apart:

- A. Board of Director members.
- B. Top Five Executive Managers including Chief Executive Officer and Chief Financial Officer.

Reason:

The company has committed the disclosure of the Executives remuneration, in accordance with the statutory requirements contained in Article 93 of the Corporate Governance Regulations. The Company has addressed the Capital Market Authority (CMA) a letter registered under reference No. (2021033001/GCO/1067) concerning the optimal detail for the disclosure of the Executives' remuneration, as contained in Appendix No. (1) of the Corporate Governance Regulations and in accordance with Article (60) of the Rules for Offering Securities and Continuing Obligations. The Company's request is still under discussion with CMA where the Company aspires to reach an agreement with CMA regarding such disclosure in order to avoid any unjustified harm, and to give a correct impression on the mechanism of compensation procedures, which depends on the competitiveness of Human Capital. The Company will be committed to disclose according to the direction of CMA, in a way that serves the interests of investors and the stability of the Stock Market's disclosures.

—○ **Article 92:**

If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually

Reason:

This is an optional article.

26. Role of the Shareholders

CATRION's General Assembly is the platform where shareholders exercise their voting rights. Shareholders' consent is required for key decisions such as the approval of the financial statements, Board of Directors Annual Report, the review and approval of the Board of Directors' recommendation on dividend payments, the election of Board members, amendments to the bylaws, appointment of external auditors and raising registered capital. Each shareholder is entitled to attend the General Assembly and is entitled to one vote per share; and may delegate his attendance and voting power to any other person (other than employees of the Company and Board members).

27. Investor relations

At CATRION Investor Relations, we strive to be a world-class investor relations team. Our commitment as a key resource to the financial community and CATRION leadership is to be a reliable, responsive and transparent source of valuable information. We are dedicated to upholding our core values of integrity and high ethical standards in our relationships with our stakeholders.

Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's Capital Market Authority. We also ensure timely flow of information through various channels such as the website, Tadawul announcements and conference attendance. In addition, we offer access to our Investor Relations team by phone and email, and host special events for analysts and investors including an Investor Day and earnings calls.

We follow a policy of proactive communication with the market and informing our stakeholders of all key developments that will have an impact on the business. We hold dialogs with the investor community and advise the Company's Senior Management about market perceptions. Our dialogs with shareholders have become increasingly important as our individual and institutional investors are always looking for up-to-date information on Company developments, our business plans, achievements and challenges.

28. Requests to obtain Shareholder records

Number	Request date	Request reasons
1	26/12/2023	Company's affairs
2	26/12/2023	Company's affairs
3	12/10/2023	General assembly meeting
4	05/10/2023	Company's affairs
5	14/08/2023	General assembly meeting
6	05/07/2023	General assembly meeting
7	08/05/2023	Company's affairs
8	04/04/2023	Dividends distribution
9	15/02/2023	General assembly meeting

29. Communication with Shareholders

CATRION maintains regular communications with the shareholders. The Company has taken a series of measures to ensure their rights of access to information through Tadawul website and CATRION website, www.saudiacatering.com. CATRION provides full and comprehensive information about its activities and businesses through its Annual Report, periodic financial statements and dividends procedures.

The Company also endeavors to maintain links with its shareholders, answer their queries and provide them with the required information on a timely basis.

30. Initiatives planned to improve transparency or communications with investors in 2023

We provide potential and current investors with maximal knowledge and access to the Company's financial updates. Focusing on accuracy, we provide investors with a comprehensive outline of what they can expect for the upcoming financial year.

From a technical perspective, we may decide to design a mobile application which provides investors with essential access to the Company's news and important data.

In an effort to strengthen the company's relationship with its shareholders and to preserve their rights, CATRION has built a new platform for its shareholders to inquire about their unpaid dividends effective from the first quarter of 2019 using the following electronic link <https://ebid.CATRION.com/viewdata.aspx>. The company also allocates a specialized team to respond to the inquiries and concerns of shareholders and related parties by phone at 0122339400 ext. 8185 or by e-mail (investors@CATRION.com).

31. Procedure to inform the Board members of the shareholders' suggestions and notes on the Company and its performance

Keeping the Board members informed of the shareholders' proposals and comments on the Company and its performance through the following procedures:

1. Presenting the shareholders' proposals and comments (if any) to the Board members at the nearest meeting or any other effective means of communication to achieve the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (Investor Relation Programs) and briefing the Board on the substantive proposals they make.
3. The Board members are attending the General Assembly meetings where shareholders raise their suggestions to the Board during the meeting and the Board responds to these suggestions during the meeting.

In addition, the Chairman of the Board discusses the shareholders' suggestions (if any) and the performance without the presence of any of the executives (whenever deemed necessary).

32. The company's social contributions during 2023

CATRION is committed to corporate social responsibility through several initiatives. One of the initiatives in collaboration with the Iteam Association focuses on reducing waste and promoting the concept of food banks, which is a great way to support those in need by ensuring the privacy of the beneficiaries, reflecting fairness and inclusivity.

We are proud to continue our partnership with the Qadiroon Association, which is dedicated to integrating persons with disabilities as equal and active members of society in alignment with Vision 2030.

We strive to expand the scope of participation and make our efforts more inclusive and accessible to all. Our 2023 corporate social responsibility initiatives, which include providing employment opportunities to people with disability and offering internships to students, are driven by a deep sense of compassion and a desire to contribute positively to society. We believe that our efforts will make a difference in the lives of those we touch and help create a brighter future for all.

- 38 people with disability FTE employed.
- 80 students were trained through internship programs.
- Participate in the CSR hackathon as a strategic partner.
- 47 male and 4 female health inspectors were provided training covering the theoretical and practical aspects of Hygiene & food safety.
- More than 60,000 food items donated to local communities under tadweer neamah.
- Provide training to staff of Tadweer Neamah in hygiene and food safety.
- 12 weeks internship training in collaboration with universities like King Abdulaziz University and King Saud University and trained 13 academic students.

33. Penalties, Sanctions, Prudential Measures or Restrictions Imposed on the Company by the Capital Market Authority or any Party Supervisory, Regulatory or Judicial

Penalties, sanctions, prudential measures	Reasons of violation	The Authority Issuing the Violation	Remedial Action to Avoid
SAR 25,000	Supplier has shipped chicken which includes Salmonella bacteria.	SFDA	Inform the supplier not to repeat this mistake.
SAR 10,000	Closing or deleting customer account was not available on Skysales Online Website Making Product Promotions without MCI permit Website name not registered on Commercial Registration	Ministry of Commerce	Closing of customer account was not available and this was resolved through implementing partner on website and is available on SAP Commerce Checked with legal team previously no one knows how to obtain this permit. To avoid we need to not run any promotion without MCI permit Added through HR team the website name to be registered officially in CR

34. The Board of Directors declarations

The Board of Directors approved and declares the following, based on the Corporate Governance Regulations and the Listing Rules:

- The accounting records were properly and correctly prepared.
- The internal control system was properly designed and effectively implemented.
- There was no doubt about the Company's ability to continue the business.
- Consolidated financial statements were prepared in accordance with international financial standards, and in accordance with the Company's bylaws and Articles of Association with respect to the preparation and publishing of financial statements.
- There were no redemptions, purchases or cancellations by the Company of any of recoverable debt instruments.
- The Company did not issue or grant any debt instruments convertible to shares, contractual based securities, option rights, subscription right notes or similar rights.
- There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right memorandums, or similar rights issued or granted by the company.
- The Company did not issue any shares or debt instruments for any of its affiliates.
- There are no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which are the IFRS Standards.
- Apart from the disclosures in the section related to related parties' transactions, there were no contracts in which the Company was a party nor was there any material interest for any Board member, Executive Management Member, their relatives or any other related person.
- Except what was disclosed earlier in this report, there are no interests, contractually based securities, and subscription rights of the issuer's directors, senior executives, and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries; nor was there any change in those interests or rights during 2023, except what was disclosed earlier in this report.
- There were no arrangements or agreements through which any Board member or any executive to waive any salary or compensation.
- There are no arrangements or agreements through which any of the Company's shareholders to waive the rights to profits.
- Except what was disclosed of shares owned by the Board and Executive Management, there are no other interests in the shares of eligibility of voting that are owned by any person (other than the Board, Executive Management, and their relatives and any other contractual interests and any changes in those interests in line with Article 45 of the Listing Rules.
- There were no comments received by the shareholders regarding the Company and its performance.
- The external Auditor's Report doesn't contain any reservations on the relevant annual financial statements.
- There are no arrangement or recommendation by the Board to change the Company's external auditor.
- There was no recommendation to appoint an Internal Auditor for the Company, as it already has an Internal Audit Division.
- There are no recommendations of the Audit Committee that conflict with the Board's decisions, nor did the Board refuse to take any of the Audit Committee's recommendation into consideration regarding the appointment, dismissal, assessment, or determining the remuneration of the external auditor.
- The Company does not have any investments for the benefit of its employees.
- The Company has no treasury shares..

Financial Statements



INDEPENDENT Auditor's Report

To the Shareholders of CATRION For Catering Holding Company (Formerly Known As Saudi Airlines Catering Company) (A Saudi Joint Stock Company)

To the Shareholders of CATRION For Catering Holding Company (Formerly Known As Saudi Airlines Catering 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 For Catering Holding Company (Formerly Known As Saudi Airlines Catering Company) (A Saudi Joint Stock Company) and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit 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 policies.

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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting 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.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses on trade receivables</p> <p>As at 31 December 2023, the gross balance of trade receivables amounted to SR 749 million (2022: SR 947 million), against which an allowance for expected credit losses of SR 149 million (2022: SR 148 million) was maintained.</p> <p>The Group assesses at each reporting date whether the trade 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.</p> <p>We have considered this as a key audit matter as the determination of ECL involves significant estimation and management judgement and assumptions, including future macro-economic factors and study of historical trends.</p> <p>Refer to note 3 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 receivable.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained understanding of the Group's process around the accounts receivable allowance for expected credit losses. • Involved our IT audit team in testing effectiveness of the Information Technology General Controls (ITGCs) of the respective accounting system. • On a sample basis, we tested the accuracy of trade receivables ageing generated by the accounting system as at 31 December 2023. • Assessed significant judgements, estimates and assumptions made by the management with reference to the calculation of ECL including the Group's assessment of the historical trends, probability of default, incorporation of forward-looking and loss given default parameters. • Evaluated the Group's accounting policy for ECL allowance in accordance with the requirement of IFRS 9. • Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.

Other Information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 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 2023 annual report is expected to be made available to us after the date of this auditor's report.

INDEPENDENT Auditor's Report (continued)

To the Shareholders of CATRION For Catering Holding Company (Formerly Known As Saudi Airlines Catering Company) (A Saudi Joint Stock Company)

Other Information included in the Group's 2023 Annual Report (Continued)

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 2023 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 International Financial Reporting 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 provisions of Companies' Law 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.

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.

To the Shareholders of CATRION For Catering Holding Company (Formerly Known As Saudi Airlines Catering Company) (A Saudi Joint Stock Company)

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

For Ernst & Young Professional Services

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

Jeddah: 24 March 2024
14 Ramadan 1445H

CONSOLIDATED STATEMENT of Financial Position

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
As at 31 December 2023

	Note	31 December 2023 SR	31 December 2022 SR
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	414,893,911	340,951,680
Right-of-use assets	15	234,981,152	267,144,201
Leases receivables – non-current portion	15	990,148	3,790,102
Intangible assets	8	10,890	37,025
Investment property	9	28,734,575	30,693,416
Advance against investment in shares		1,875,000	1,875,000
Margin deposit	11	4,230,000	4,230,000
Investment in associate	10	36,954,874	21,543,123
TOTAL NON-CURRENT ASSETS		722,670,550	670,264,547
CURRENT ASSETS			
Inventories	12	77,190,313	61,522,406
Leases receivables – current portion	15	4,777,598	15,458,733
Trade receivables	13	601,498,527	798,917,472
Prepayments and other receivables	14	86,298,862	67,789,643
Cash and cash equivalents	16	702,456,181	417,242,028
TOTAL CURRENT ASSETS		1,472,221,481	1,360,930,282
TOTAL ASSETS		2,194,892,031	2,031,194,829

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
As at 31 December 2023

	Note	31 December 2023 SR	31 December 2022 SR
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	820,000,000	820,000,000
Statutory reserve	18	246,000,000	246,000,000
Retained earnings		220,068,464	53,926,179
TOTAL EQUITY		1,286,068,464	1,119,926,179
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	15	150,255,896	175,320,591
Employees' defined benefits obligation	20	164,848,553	165,219,221
Long-term bonus	21	11,700,000	8,125,254
TOTAL NON-CURRENT LIABILITIES		326,804,449	348,665,066
CURRENT LIABILITIES			
Trade and other payables	22	462,043,182	408,903,508
Lease liabilities – current portion	15	94,447,407	132,049,502
Zakat liabilities	23	25,528,529	21,650,574
TOTAL CURRENT LIABILITIES		582,019,118	562,603,584
TOTAL LIABILITIES		908,823,567	911,268,650
TOTAL EQUITY AND LIABILITIES		2,194,892,031	2,031,194,829

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT of Profit or Loss and Comprehensive Income

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
Revenue	25	2,133,762,298	1,818,006,368
Cost of revenue	26	(1,567,769,793)	(1,301,686,626)
GROSS PROFIT		565,992,505	516,319,742
Other income	27	29,494,363	27,296,834
General and administrative expenses	28	(288,423,268)	(232,356,079)
Allowance for expected credit losses	13	(1,274,113)	(25,705,642)
Other expenses	29	(1,420,927)	(1,590,689)
OPERATING PROFIT		304,368,560	283,964,166
Share of results from investment in associate	10	15,411,751	18,417,193
Reversal of impairment of investment in associate	10	-	3,125,930
Finance income	30	16,855,560	967,772
Finance costs	31	(20,098,131)	(20,654,096)
PROFIT BEFORE ZAKAT		316,537,740	285,820,965
Zakat	23	(33,880,036)	(28,717,827)
NET PROFIT FOR THE YEAR		282,657,704	257,103,138

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
Other comprehensive income / (loss) for the year			
Items that will not be reclassified to profit or loss in subsequent years:			
Re-measurement gain / (loss) on employees' defined benefits obligation	20	6,484,581	(9,695,703)
Other comprehensive income / (loss) for the year		6,484,581	(9,695,703)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10	289,142,285	247,407,435
EARNINGS PER SHARE:			
Basic and diluted earnings per share (SR per share)	32	3.45	3.14

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT of Changes in Equity

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

	Note	Share capital SR	Statutory reserve SR	Retained earnings / (accumulated losses) SR	Total SR
At 1 January 2022		820,000,000	246,000,000	(193,481,256)	872,518,744
Net profit for the year		-	-	257,103,138	257,103,138
Other comprehensive loss	20	-	-	(9,695,703)	(9,695,703)
Total comprehensive income for the year		-	-	247,407,435	247,407,435
At 31 December 2022		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 loss	20	-	-	6,484,581	6,484,581
Total comprehensive income for the year		-	-	289,142,285	289,142,285
Dividends	19	-	-	(123,000,000)	(123,000,000)
At 31 December 2023		820,000,000	246,000,000	220,068,464	1,286,068,464

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT of Cash Flows

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
OPERATING ACTIVITIES			
Profit before zakat		316,537,740	285,820,965
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	7	61,258,738	85,123,092
Depreciation on investment in property	9	1,958,841	1,958,841
Depreciation on right-of-use assets	15	56,686,601	75,399,766
Amortization of intangible assets	8	26,135	393,659
Work in progress expensed during the year	7	338,920	376,229
(Reversal of provision) / provision for slow moving inventory, net	12	(5,362,980)	13,577,199
Allowance for expected credit losses	13	1,274,113	25,705,642
Finance income	30	(16,855,560)	(967,772)
Finance cost	31	20,098,131	20,654,096
Share of results in an associate	10	(15,411,751)	(18,417,193)
Reversal of impairment of equity-accounted investments	10	-	(3,125,930)
(Gain) / loss on disposal of property, plant and equipment		(1,343,298)	19,524
Gain on termination and modification of leases	27	(16,066,644)	(18,015,893)
Modification on lease receivables		2,250,729	-
Long-term bonus		3,574,746	8,100,000
Provision for employees' defined benefits obligation	20	18,921,529	15,626,376
		427,885,990	492,228,601

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
For the year ended 31 December 2023

	Note	2023 SR	2022 SR
<u>Working capital changes:</u>			
Trade receivables		196,144,832	(129,022,014)
Inventories		(10,304,927)	(8,488,027)
Prepayments and other receivables		(18,509,219)	37,883,458
Trade and other payables		62,091,051	(7,758,778)
Cash generated from operating activities		657,307,727	384,843,240
Payment of long-term bonus		-	(7,474,746)
Employees' defined benefits obligation paid	20	(19,299,201)	(11,152,677)
Zakat paid	23	(30,002,081)	(20,015,464)
Net cash flows from operating activities		608,006,445	346,200,353
INVESTING ACTIVITIES:			
Payments received for lease receivables	15	11,643,244	5,277,498
Proceeds from disposal of property, plant and equipment		1,750,352	-
Purchase of property, plant and equipment	7	(135,946,943)	(18,464,052)
Advance against investment in shares		-	(1,875,000)
Net cash flows used in investing activities		(122,553,347)	(15,061,554)
FINANCING ACTIVITIES:			
Payments of lease liabilities	15 (B)	(77,521,988)	(90,320,297)
Dividends paid		(122,716,957)	(38,841)
Net cash flows used in financing activities		(200,238,945)	(90,359,138)
Increase in cash and cash equivalents		285,214,153	240,779,661
Cash and cash equivalents at the beginning of the year		417,242,028	176,462,367
Cash and cash equivalents at the end of the year	16	702,456,181	417,242,028
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION			
Additions to right-of-use assets and lease liabilities	15	45,355,425	10,755,093

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

The attached notes from 1 to 37 form an integral part of these consolidated financial statements.

NOTES to the Consolidated Financial Statements

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
At 31 December 2023

1. CORPORATE INFORMATION

CATRION for Catering Holding Company (formerly known as Saudi Airlines Catering 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	Branch Location	Commercial registration number
Riyadh	1010336558	Jeddah	4030477154
Riyadh	1010616679	Jeddah	4030485646
Riyadh	1010616680	Makkah	4031084114
Dammam	2050082998	Sharma	3557100105
Jeddah	4030227251	Rabigh	4602006306
Jeddah	4030285290	Medina	4650055980
Jeddah	4030426294	Medina	4650216315

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

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
At 31 December 2023

Subsidiary Name	Commercial registration number	Date of incorporation	Country on incorporation	The principal activity	Effective holding		Share capital	
					2023	2022	2023	2022
CATRION For Catering Services (formerly known SACC for Catering Company)	4030371373	3 December 2019	Kingdom of Saudi Arabia	Catering services	100%	100%	5,000,000	5,000,000
CATRION for Laundry Company	4030515446	22 June 2023	Kingdom of Saudi Arabia	Laundry, Washing and Drycleaning	100%	-	5,000,000	-
CATRION for Operation and Maintenance	400536143	18 December 2023	Kingdom of Saudi Arabia	Catering Services Facility Management	100%	-	500,000	-
CATRION Laundry for Operation and Maintenance	4030536144	18 December 2023	Kingdom of Saudi Arabia	Laundry, Washing and Drycleaning	100%	-	500,000	-

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

On 12 October 2023, the Extraordinary General Assembly approved to change the Company's trade name from Saudi Airlines Catering Company to be "CATRION Catering Holding Company". All legal formalities were completed during the year end in relation to change of the name of the Company.

NOTES to the Consolidated Financial Statements

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
At 31 December 2023

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 (SR), 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).

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
At 31 December 2023

2. BASIS OF PREPARATION (continued)

2.1 Accounting judgements, estimates and assumptions (continued)

Judgements (continued)

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.

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.

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CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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2. BASIS OF PREPARATION (continued)

2.1 Accounting judgements, estimates and assumptions (continued)

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.

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.

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2. BASIS OF PREPARATION (continued)

2.1 Accounting judgements, estimates and assumptions (continued)

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.

NOTES to the Consolidated Financial Statements

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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:

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

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.

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.

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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3. MATERIAL ACCOUNTING POLICIES (continued)

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. 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.

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.

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CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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3. MATERIAL ACCOUNTING POLICIES (continued)

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
Catering and Facilities	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.

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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3. MATERIAL ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

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.

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

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CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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3. MATERIAL ACCOUNTING POLICIES (continued)

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.9 Leases (continued)

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'.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

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.

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

NOTES to the Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

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.

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).

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

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.

NOTES to the Consolidated Financial Statements

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

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.

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.14 Impairment of non-financial assets (continued)

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).

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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

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 or 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.19 Revenue recognition(continued)

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.

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 one 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.19 Revenue recognition (continued)

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.

Hotel - revenue

Revenue from hotel room sales and from other ancillary guest services is recognized on a daily basis, the revenue is recognized as soon as the rooms are occupied, and the services 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 Group

The Group applied for the first-time certain amendments, which are effective for annual years beginning on or after 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting years beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

4.2 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting years beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that year. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

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4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

4.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual years beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

4.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

4.5 International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

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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 financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 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 be 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.

5.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

5.3 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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

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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 2023	Inflight Catering SR	Catering and facilities SR	Total reportable segments SR	Overheads SR	Head office SR	Elimination SR	Total SR
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
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

Revenue from one customer of the Group represented approximately 57% (31 December 2022: 63%) of the Group's total revenue.

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6. SEGMENT INFORMATION (continued)

31 December 2022	Inflight SR	Catering and facilities SR	Total reportable segments SR	Overheads SR	Head office SR	Elimination SR	Total SR
External revenue	1,432,211,902	385,794,466	1,818,006,368	-	-	-	1,818,006,368
Inter-segment revenue	220,650,262	94,257,934	314,908,196	-	-	(314,908,196)	-
Segment revenue	1,652,862,164	480,052,400	2,132,914,564	-	-	(314,908,196)	1,818,006,368
Segment profit / (loss) before zakat	407,938,513	54,319,954	462,258,467	(176,437,502)	-	-	285,820,965
Depreciation and amortization	102,703,574	25,455,114	128,158,688	34,716,670	-	-	162,875,358
Assets:							
Segment assets	1,308,990,892	187,012,987	1,496,003,879	-	-	-	1,496,003,879
Other assets	-	-	-	-	535,190,950	-	535,190,950
Total assets	1,308,990,892	187,012,987	1,496,003,879	-	535,190,950	-	2,031,194,829
Liabilities:							
Segment liabilities	504,532,165	59,371,910	563,904,075	-	-	-	563,904,075
Other liabilities	-	-	-	-	347,364,575	-	347,364,575
Total liabilities	504,532,165	59,371,910	563,904,075	-	347,364,575	-	911,268,650

Revenue from one customer of the Group represented approximately 57% (31 December 2022: 63%) of the Group's total revenue.

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7. PROPERTY, PLANT AND EQUIPMENT

	Land SR	Building & leasehold improvements SR	Equipment SR	Motor vehicles SR	Capital work in progress (note (a)) SR	Total SR
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

a. Capital work in progress represents construction works at Red Sea Project and other civil works and renovations.

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land SR	Building & leasehold improvements SR	Equipment SR	Motor vehicles SR	Capital work in progress (note (a)) SR	Total SR
<u>Cost:</u>						
At 1 January 2022	33,786,058	378,321,343	192,480,082	147,123,016	14,303,574	766,014,073
Additions during the year	-	1,040,364	3,283,222	-	14,140,466	18,464,052
Disposals during the year	-	(46,254)	(305,668)	(149,700)	-	(501,622)
Expensed during the year	-	-	-	-	(376,229)	(376,229)
Reclassification	-	4,579,093	(4,579,093)	-	-	-
Transfer from capital work in progress	-	14,557,125	2,584,401	17,771	(17,159,297)	-
At 31 December 2022	33,786,058	398,451,671	193,462,944	146,991,087	10,908,514	783,600,274
<u>Accumulated depreciation:</u>						
At 1 January 2022	-	158,134,024	120,996,823	78,876,753	-	358,007,600
Charge for the year	-	46,536,895	25,307,190	13,279,007	-	85,123,092
Disposals during the year	-	(46,254)	(288,977)	(146,867)	-	(482,098)
At 31 December 2022	-	204,624,665	146,015,036	92,008,893	-	442,648,594
<u>Net book value:</u>						
At 31 December 2022	33,786,058	193,827,006	47,447,908	54,982,194	10,908,514	340,951,680

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

	2023 SR	2022 SR
Cost of revenue (note 26)	53,825,795	77,573,526
General and administrative expense (note 28)	7,432,943	7,549,566
	61,258,738	85,123,092

8. INTANGIBLE ASSETS

The Group's intangibles comprise of computers' software and systems. the movement of intangible assets are as follows:

	2023 SR	2022 SR
Cost		
At 1 January	5,705,915	5,705,915
At 31 December	5,705,915	5,705,915
Amortization		
At 1 January	5,668,890	5,275,231
Charge for the year	26,135	393,659
At 31 December	5,695,025	5,668,890
Net book value	10,890	37,025

The amortisation of intangible assets is included in general and administrative expenses (note 28).

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9. 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:

	2023 SR	2022 SR
Cost		
At 1 January	43,054,931	43,054,931
At 31 December	43,054,931	43,054,931
Accumulated depreciation		
At 1 January	12,361,515	10,402,674
Charge for the year (note 28)	1,958,841	1,958,841
Balance at 31 December	14,320,356	12,361,515
Net Book Value At 31 December	28,734,575	30,693,416

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10. INVESTMENTS IN 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 2023 and 31 December 2022 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		2023	2022	2023	2022
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	40%	40%	36,954,874	21,543,123

b.

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

Share in net assets	2023 SR	2022 SR
Non-current assets	40,659,145	93,951,585
Current assets	159,866,930	138,767,430
Total assets	200,526,075	232,719,015
Non-current liabilities	10,565,810	22,826,718
Current liabilities	100,492,258	158,953,667
Total liabilities	111,058,068	181,780,385
Net assets	89,468,007	50,938,630
Group's carrying amount of the investment	35,787,203	20,375,452

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10. INVESTMENTS IN ASSOCIATE (continued)

Share in profit	2023 SR	2022 SR
Revenue	551,783,803	396,342,081
Net income for the year	39,784,378	43,539,618
Other comprehensive loss	(1,255,000)	(709,900)
Group's share of net income for the year (at 40%)	15,913,751	17,415,847
Group's share of other comprehensive loss of an associate (at 40%)	(502,000)	(283,960)
Group's share of results for the year	15,411,751	17,131,887

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

c.

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

	2023 SR	2022 SR
At 1 January	21,543,123	-
Group's share of results in an associate	15,411,751	18,417,193
Reversal of impairment	-	3,125,930
At 31 December	36,954,874	21,543,123

11. 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 2023 and 31 December 2022 is as follows:

	2023 SR	2022 SR
Margin deposits – non-current portion (note 33)	4,230,000	4,230,000

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CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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12. INVENTORIES

	2023 SR	2022 SR
Retail items	41,748,503	49,142,873
Catering items	47,108,542	29,608,015
Packing and other materials	12,020,531	12,981,639
Spare parts	10,199,261	9,039,383
	111,076,837	100,771,910
Less: allowance for slow moving and obsolete inventories	(33,886,524)	(39,249,504)
	77,190,313	61,522,406

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

	2023 SR	2022 SR
At 1 January	39,249,504	25,672,305
(Reversed) / charge during the year	(5,362,980)	13,577,199
At 31 December	33,886,524	39,249,504

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13. TRADE RECEIVABLES

	2023 SR	2022 SR
Trade receivables - Due from related parties (note 24)	299,683,331	564,795,615
Trade receivables – Others	401,794,012	338,410,877
Unbilled receivables (note c below)	49,397,454	44,124,804
	750,874,797	947,331,296
Less: allowance for expected credit losses	(149,376,270)	(148,413,824)
	601,498,527	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 24.

b. As at 31 December 2023, approximately 60% of the Group's trade receivable's balance was due from various governmental and semi-Government entities (31 December 2022: SR 69%).

c. Unbilled receivables represent billing not yet approved by customers. As at 31 December 2023 and 31 December 2022 the unbilled receivables balances was having an aging of less than one year.

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

	Up to three months SR	Above three and up to six months SR	Above six months SR	Total SR
31 December 2023	488,770,396	61,127,620	200,976,781	750,874,797
31 December 2022	666,069,003	49,208,838	232,053,455	947,331,296

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

	2023 SR	2022 SR
At 1 January	148,413,824	126,596,732
Charge during the year	1,274,113	25,705,642
Written off during the year	(311,667)	(3,888,550)
At 31 December	149,376,270	148,413,824

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

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CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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14. PREPAYMENTS AND OTHER RECEIVABLES

	2023 SR	2022 SR
Advances to suppliers	45,903,161	21,721,730
Prepayments	29,240,906	35,206,401
VAT input tax	4,509,326	3,452,652
Margin deposits with banks – current portion (note 33)	2,827,100	6,350,254
Advances to employees	1,432,586	1,058,606
Other receivable	2,385,783	-
	86,298,862	67,789,643

15. 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 9). 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:

	2023 SR	2022 SR
Net lease receivables at the beginning of the year	19,248,835	24,074,505
Finance income (note 30)	412,884	451,828
Modification	(2,250,729)	-
Payments received during the year	(11,643,244)	(5,277,498)
Net lease receivable at end of the year	5,767,746	19,248,835
Less: Current portion of net lease receivables	(4,777,598)	(15,458,733)
Non-Current portion of net lease receivables	990,148	3,790,102

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15. 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 SR	Land Lease SR	Residential Lease SR	Vehicles Lease SR	Total SR
Cost					
At 1 January 2023	450,353,468	59,814,366	44,839,680	14,763,450	569,770,964
Additions(see note (i) below)	45,355,425	-	-	-	45,355,425
Lease modifications	-	-	(12,399,971)	-	(12,399,971)
Terminations (see note (ii) below)	(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

The additions, terminations and modifications during the year happened in normal course of business. The maturity analysis of lease liabilities is disclosed in note 35.

NOTES to the Consolidated Financial Statements

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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15. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

B. Group as a lessee (continued)

	Commercial Building Lease SR	Land Lease SR	Residential Lease SR	Vehicles Lease SR	Total SR
Cost					
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)
At 31 December 2023	450,353,468	59,814,366	44,839,680	14,763,450	569,770,964
Accumulated depreciation:					
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)
At 31 December 2022	251,964,777	11,031,342	24,867,194	14,763,450	302,626,763
Net book value:					
At 31 December 2022	198,388,691	48,783,024	19,972,486	-	267,144,201

i) During the year ended 31 December 2023, the Group entered into a new contracts with Saudi Iwaa for Residential Compounds in Riyadh and Princess Noura University for Central Kitchen in Riyadh.

ii) Termination during the year ended 31 December 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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15. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

B. Group as a lessee (continued)

b. Lease Liabilities

The movements in lease liability for the year were as follows:

	2023 SR	2022 SR
Lease liabilities		
At the beginning of the year	307,370,093	474,499,382
Additions to lease liabilities during the year	45,355,425	10,755,093
Interest expense for the year (note 31)	13,606,546	17,801,951
Lease modification	(14,640,248)	-
Related to terminated contract	(29,466,525)	(105,366,036)
Payments made during the year	(77,521,988)	(90,320,297)
At the end of the year	244,703,303	307,370,093
Less: Current portion of lease liabilities	(94,447,407)	(132,049,502)
Non-Current portion of lease liabilities	150,255,896	175,320,591

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

	2023 SR	2022 SR
Cost of revenue (note 26)	51,382,392	67,621,464
General and administrative expense (note 28)	5,304,209	7,778,302
	56,686,601	75,399,766

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

B. Group as a lessee (continued)

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

	2023 SR	2022 SR
Depreciation on right of use assets	56,686,601	75,399,766
Interest expense on lease liabilities (note 31)	13,606,546	17,801,951
Expense relating to short term leases (included in cost of revenue)	62,641,300	21,421,397
Gain on de-recognition of lease liability	(16,066,644)	(18,015,893)
	116,867,803	96,607,221

16. CASH AND CASH EQUIVALENTS

	2023 SR	2022 SR
Cash at bank	325,449,311	316,974,836
Mudarba deposit (note b below)	376,577,500	100,000,000
Cash on hand	429,370	267,192
	702,456,181	417,242,028

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 2023 and 31 December 2022.

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

c) Cash and cash equivalents as at 31 December 2023 include SR 2.73 million (31 December 2022: SR 2.45) earmarked in dividend accounts. Such accounts are subject to regulatory restrictions and are therefore not available for general use by the Group.

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17. 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:

31 December 2023:

Name of Shareholders	Number of shares	Value in SR	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%

31 December 2022:

Name of Shareholders	Number of shares	Value in SR	Percentage Holding %
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%

NOTES to the Consolidated Financial Statements

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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18. 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.

19. 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.

20. EMPLOYEES' DEFINED BENEFITS OBLIGATION

The Company and its subsidiaries operate 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:

	2023 SR	2022 SR
Balance at the beginning of the year	165,219,221	148,197,674
Included in statement of profit or loss		
Current service cost	18,921,529	15,626,376
Interest cost (included in employee cost)	6,491,585	2,852,145
	25,413,114	18,478,521
Included in statement of other comprehensive income		
Re-measurement (gain) / loss on defined benefit obligation	(6,484,581)	9,695,703
Benefits paid	(19,299,201)	(11,152,677)
Balance at the end of the year	164,848,553	165,219,221

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20. EMPLOYEES' DEFINED BENEFITS OBLIGATION (continued)

Actuarial assumptions

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.

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

	2023	2022
Discount rate	5%	4%
Future salary growth / expected rate of salary increases	2%	2%
Employee turnover / withdrawal rates	Moderate	Moderate
Retirement age	60 years	60 years
Average duration of defined benefit obligation	6.80 years	7.05 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 2023	Change in assumption by	Increase to SR	Decrease to SR
Discount rate	1%	(176,612,148)	154,538,472
Future salary growth / expected rate of salary increases	1%	177,714,792	(153,403,492)
31 December 2022			
Discount rate	1%	(177,549,194)	154,267,937
Future salary growth / expected rate of salary increases	1%	178,573,089	(153,189,580)

NOTES to the Consolidated Financial Statements

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20. EMPLOYEES' DEFINED BENEFITS OBLIGATION (continued)

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

	2023 SR	2022 SR
Within the next 12 months (next annual reporting year)	28,344,542	22,704,740
Between 2 and 5 years	58,991,280	60,087,096
Between 6 and 10 years	57,135,725	60,227,264
Beyond 10 years	95,570,708	88,877,035

21. LONG-TERM BONUS

The movement in long term bonus during 31 December 2023 and 31 December 2022 is as follows:

	2023 SR	2022 SR
Opening balance	8,125,254	7,500,000
Accrued during the year	3,574,746	8,100,000
Benefits paid	-	(7,474,746)
Closing balance	11,700,000	8,125,254

22. TRADE AND OTHER PAYABLES

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

	2023 SR	2022 SR
Accrued expenses	258,528,771	232,626,157
Trade payables – third parties	155,237,106	126,767,350
Payroll accruals	45,433,737	38,226,625
Dividend payable	2,729,578	2,446,535
Trade payables – related parties (note 24)	113,990	8,836,841
	462,043,182	408,903,508

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23. ZAKAT

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

	2023 SR	2022 SR
Zakat payable	32,655,727	28,777,772
Advance income tax relating to foreign shareholding	(7,127,198)	(7,127,198)
Net zakat payable	25,528,529	21,650,574

a. Zakat provision:

Movement in Zakat provision is as follows:

	2023 SR	2022 SR
Balance at beginning of the year	28,777,772	20,075,409
Charge for the year (note i below)	33,880,036	28,717,827
Payments during the year	(30,002,081)	(20,015,464)
Balance at 31 December	32,655,727	28,777,772

i) Charge of the year ended 31 December 2023 and year ended 31 December 2022 is as follows:

	2023 SR	2022 SR
Zakat charge for the year	32,655,727	28,777,772
Adjustments	1,224,309	(59,945)
Total Zakat charge for the year	33,880,036	28,717,827

b. Zakat assessments status

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

The Parent Company:

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

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23. ZAKAT (continued)

For the year ended 31 December 2008, Zakat, Tax and Customs Authority ("ZATCA") partially accepted the objection reducing the claim to SR 312 thousand. Accordingly, the Company has accepted the remaining claim and is in the process of obtaining a refund request.

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 for 2015 to 2020, the Company believes there may not be any further correspondence for the above period which can therefore be considered as final.

For the year 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 a hearing, the ZATCA issued revised assessment claiming SR 14 million, which the Company did not accept and escalated the case to next level. The Tax Violation and Dispute Resolution Committee ("TVDRC") hearing was held on 17 July 2022. The TVDRC issued its decision, partially accepting the Company's objection. The total additional Zakat of SR 11.7 million is appearing as due for all these years. The Company has escalated the objection to the Tax Violation and Dispute Appeal Committee ("TVDAC") on 12 September 2022.

For the year 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.

During the year ended 31 December 2023, the Company accepted final settlement offer of SR 5.07 million in relation for the years ended 31 December 2015 to 2020 from Internal Settlement Committee, which the Company is in the process of settling the same.

For the years ended 31 December 2021 to 2022, the zakat return is under review with ZATCA; and the Company has a certificate valid to 30 April 2024.

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 Subsidiaries:

CATRION For Catering Company

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.

CATRION For Laundry Company

The subsidiary's first financial year is a short year, commencing on the inception date of June 22, 2023. It will file its first Zakat return for the period ended December 31, 2023.

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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24. 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.

a. Following are the details of related party transactions during the year:

Name of Related party	Nature of transactions	Amount of transaction	
		2023 SR	2022 SR
Shareholders			
Saudi Arabian Airlines Corporation	Sale of goods and services	1,579,498,796	1,421,650,955
	Services received	2,040,663	2,205,582
Abdulmohsen Alhokair Group for Tourism and Development	Services received	-	610
Affiliates			
Saudi Ground Services Company	Sale of goods and services	59,283,561	42,110,474
	Services received	4,349,479	1,584,803
Saudi Airlines Cargo Company	Sale of goods and services	5,963,682	7,195,586
	Services received	1,995,031	3,064,880
Saudi French Company for Duty Free Operations and Management	Sale of goods and services	7,131,112	5,823,453
Saudi Airlines Real Estate Development Company	Sale of goods and services	1,724,230	145,220
Saudi Private Aviation	Sale of goods and services	24,598,028	28,683,506
Saudia Royal Fleet	Sale of goods and services	33,815,999	47,042,358
Saudia Aerospace Engineering Industries	Sale of goods and services	2,438,520	2,446,613
	Services received	-	-
Flyadeal Airlines Company	Sale of goods and services	15,607,822	8,944,162
Prince Sultan Aviation Academy	Sale of goods and services	12,133	63,854
Al Salam Aircraft Company	Sale of goods and services	147,552	457,889

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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b. Due from related parties comprised the following:

	2023 SR	2022 SR
Saudi Arabian Airlines Corporation	231,652,733	430,488,596
Saudi Ground Services Company	21,911,720	47,269,751
Saudia Royal Fleet	21,875,274	53,662,602
Saudia Aerospace Engineering Industries	9,973,570	9,978,135
Saudi Private Aviation	8,180,216	12,670,913
Flyadeal Airlines Company	2,835,303	3,028,242
Saudi Airlines Cargo Company	1,822,441	2,132,060
Saudi French Company for Duty Free Operations and Management	699,030	4,043,890
Al Salam Aircraft Company	682,971	1,262,454
Prince Sultan Aviation Academy	50,073	113,754
Saudi Airlines Real Estate Development Company	-	145,218
	299,683,331	564,795,615

c. Due to related parties comprised the following:

	2023 SR	2022 SR
Saudi Arabian Airlines Corporation	113,990	-
Saudi Airlines Real Estate Development Company	-	8,444,349
Saudi Airlines Cargo Company	-	392,492
	113,990	8,836,841

CATRION For Catering Holding Company (A Saudi Joint Stock Company) (Formerly Known As Saudi Airlines Catering Company)
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24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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 2023 and 2022, the amounts owed by related parties are not impaired.

Amount due from and to related parties are shown in notes 13 and 22, respectively.

d. 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:

	2023 SR	2022 SR
Short-term employee benefits	7,032,684	7,862,002
Termination benefits	89,100	1,356,616
Employees' defined benefit liabilities	548,989	109,350
Key management bonus	2,800,000	3,860,157
	10,470,773	13,188,125

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

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25. REVENUE

	2023 SR	2022 SR
In-flight catering	1,329,486,159	1,151,197,511
Non-airlines	531,574,545	380,898,714
Business lounge	222,016,068	220,544,054
Retail revenue	45,723,220	57,679,439
Other operating revenues		
Camp facilities sales (staff feeding & accommodation)	1,744,915	6,686,650
Exclusivity purchase income & services to suppliers	3,217,391	1,000,000
	2,133,762,298	1,818,006,368

26. COST OF REVENUE

	2023 SR	2022 SR
Cost of materials and goods	756,818,145	599,491,915
Employees costs	383,319,112	324,559,734
Rent and maintenance of production units	69,086,497	33,080,368
Manpower and transportation cost	66,596,225	53,508,100
Supplies and expandable items	60,608,647	51,723,257
Depreciation on property, plant and equipment (note 7 (c))	53,825,795	77,573,526
Depreciation on right-of-use assets (note 15 (c))	51,382,392	67,621,464
Communication and utilities	26,311,670	30,175,477
Other operational costs	99,821,310	63,952,785
	1,567,769,793	1,301,686,626

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27. OTHER INCOME

	2023 SR	2022 SR
Gain on de-recognition of lease liability	16,066,644	18,015,893
Management fee income	6,200,968	6,085,385
Medical ex-gratia income	2,400,000	2,388,017
Foreign currency exchange gain	2,721,517	-
Others	2,105,234	807,539
	29,494,363	27,296,834

28. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 SR	2022 SR
Employees costs	175,393,767	138,008,196
Service agreement fee	37,696,467	32,262,374
Marketing and promotional	16,114,348	9,690,949
Travelling	8,809,433	4,595,085
Depreciation on property, plant and equipment (note 7 (c))	7,432,943	7,549,566
Professional and technical fee	7,106,941	12,229,371
Board of Directors' remuneration	6,281,545	4,638,994
Utilities	5,656,300	6,695,392
Depreciation on right-of-use assets (note 15 (c))	5,304,209	7,778,302
Insurance	4,127,648	3,618,614
Depreciation on investment property (note 9)	1,958,841	1,958,841
Amortization of intangible assets (note 8)	26,135	393,659
Others	12,514,691	2,936,736
	288,423,268	232,356,079

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29. OTHER EXPENSES

	2023 SR	2022 SR
Banks commission	1,420,927	1,506,070
Foreign currency exchange loss	-	65,094
Loss on disposal of property, plant and equipment	-	19,525
	1,420,927	1,590,689

30. FINANCE INCOME

	2023 SR	2022 SR
Finance income on Mudarba deposit	16,442,676	515,944
Finance income on lease receivables (note 15 (b))	412,884	451,828
	16,855,560	967,772

31. FINANCE COSTS

	2023 SR	2022 SR
Interest from lease liabilities (note 15 (b))	13,606,546	17,801,951
Interest on employees' end-of-service benefits (note 20 (a))	6,491,585	2,852,145
	20,098,131	20,654,096

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.

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32. EARNINGS PER SHARE (continued)

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.

	2023 SR	2022 SR
Profit for the year attributable to the shareholders of the Group	282,657,704	257,103,138
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 SR)	3.45	3.14

33. COMMITMENTS AND CONTINGENCIES

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

	2023 SR	2022 SR
Capital commitments	67,385,867	46,222,342
Letter of guarantees (refer to note below)	56,731,881	51,451,595

On 31 December 2023, the Group had outstanding letters of guarantee amounting to SR 56.7 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2022: SR 51.5 million) with cash margin deposit amounting to SR 7.1 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. If successful, the action could result in an estimated payable amount of SR 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 categorized 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 2023 and 31 December 2022, 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 from 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 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.

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

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

	2023 SR	2022 SR
Financial assets		
Balances with banks	702,026,811	416,974,836
Trade receivables	401,794,012	338,410,877
Due from related parties	299,683,331	564,795,615
Unbilled receivables	49,397,454	44,124,804
Margin deposits with banks	7,057,100	10,580,254
Leases receivables	5,767,746	19,248,835
	1,465,726,454	1,394,135,221

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound counter party risk rating ranging from A3 to A1 based on Moody's credit rating and BBB+ 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.

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

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.

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 2023	Up to 12 months SR	One to five years SR	More than five years SR	Total SR
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

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35. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

As at 31 December 2022	Up to 12 months SR	One to five years SR	More than five years SR	Total SR
Trade payables	135,604,191	-	-	135,604,191
Lease liabilities	144,300,355	157,190,821	77,176,604	378,667,780
Accruals and other liabilities	232,626,157	-	-	232,626,157
	512,530,703	157,190,821	77,176,604	746,898,128

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 2023 and 31 December 2022. For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders.

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36. CAPITAL MANAGEMENT (continued)

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 plus net debt. The Group includes within net debt total liabilities less cash and bank balances.

	2023 SR	2022 SR
Total liabilities	908,823,567	911,268,650
Less: cash and cash equivalents	(702,456,181)	(417,242,028)
Net debt	206,367,386	494,026,622
Total equity	1,286,068,464	1,119,926,179
Gearing ratio	16%	44%

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved for issuance by the Board of Directors on 24 March 2024 corresponding to (14 Ramadan 1445H).