



الخطوط السعودية
للتامين
SAUDI AIRLINES
CATERING



Simplicity drives efficiency

Annual Report 2022

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In a year of measured expansion, SACC implemented the internal processes that are crucial to our future success, helping to define our culture and aligning our core values of food safety, sustainability, hygiene, and safety.

With SACC at the center of the seismic changes now taking place in the Kingdom's economy, we have reached an important milestone in our evolution.

While we have a strong, 40-year track record in the traditional, but dynamic and still growing aviation services industry, we are also poised to make significant inroads into new sectors such as healthcare, facilities management, and e-commerce, which will form the bedrock of the nation's future prosperity.

SACC has evolved over the last 40 years into the region's largest airline catering and services company and is now one of the world's top 10 operators. We are an active and committed participant in Vision 2030's aviation plans, while eagerly diversifying into the Kingdom's new growth industries.



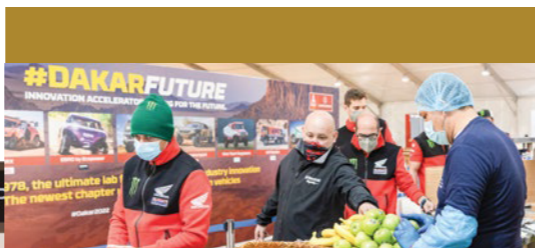
Retail

Retail used the year to consolidate and lay the foundations for future growth and measured expansion.



In-Flight Catering

In-Flight Catering exceeded its 2022 forecasts in terms of meals served and passenger numbers during a year of progress.



Catering & Facilities

Plans to transition the Catering & Facilities business to a fully integrated facilities management operation took shape in 2022.



1.82 bn

Revenue (SAR billion)
Revenue reached SAR 1.818 billion, an increase of 49.9% on 2021.

257.10 mn

Net Profit After Zakat and Income Tax (SAR million)
Net profit after Zakat and tax reached SAR 257.10 million, against SAR 14.1 million the year before.

3.14

Profit Per Share (SAR)
With underlying operating profit nearly five times that of 2021, profit per share was SAR 3.14 against SAR 0.17 in 2021.

Chairman's Statement

SACC's ability to regain the momentum of 2019 and then proceed to complete the final year of its three-year strategic plan with a strong across-the-board performance, and return to profitability, was remarkable.

2022 proved to be a period of measured expansion, which touched all levels of the organization, but particularly SACC's support services. Their implementation of the internal processes that are crucial to our future success are helping to define our culture and align the core values of food safety, sustainability, hygiene, and safety.

Internally we have reached an exciting point in our evolution and development, SACC is fortunate to be at the epicenter of the quantum leaps changes taking place in our nation's economy.

On the one hand, we have a strong, 40-year track record in the traditional, but still dynamic aviation services industry, while poised to make significant inroads into new sectors such as healthcare, facilities management, sports, and e-commerce, which will form the bedrock of the nation's future prosperity.

In the next few years, we will seek to establish a sustainable foothold in these and other industries, as we drive towards meeting the terms of our Vision mandate to derive 50% of our revenues from non-aviation sectors. We have already made substantial progress in areas such as religious tourism and corporate hospitality.

Furthermore, we will gear up for these impending changes with a focus on automation, digitalizing our processes and, staff training and development. We will always remain committed to our core values and have exciting plans in aviation and non-aviation which will take us into previously uncharted territory.

If we can take any lessons from the last few years, it is that we are more resilient and better prepared than ever to meet these challenges head-on. I have deep routed confidence that SACC will continue to be a leading player in aviation services and that the reputation we have earned over more than 40 years will serve us in becoming as highly-regarded in other industries.

On behalf of the Board of Directors, I want to thank our hard working and committed employees for getting SACC back into its rightful position as one of the world's top 10 airline catering and services operations. Their efforts, and those of the SACC executive leadership team, managed to shed off difficulties of the last two years which so affected our industry.

Mohammed Abdulaziz Al Sarhan
Chairman



We have reached an exciting point in our evolution and SACC is fortunate to be at the epicenter of the quantum leaps taking place in our nation's economy.

Board of Directors

Mohammed Abdulaziz Al Sarhan
Chairman of the Board
(Independent)



Raed Ibrahim Almudaiheem
Vice Chairman
(Independent)



Yusef Hamad Al Yousefi
Board Member
(Independent)



Sami Abdulmohsen Al Hokair
Board Member
(Non-Executive)



Fadi Majdalani
Board Member
(Independent)



Fahad Abdullah Mousa
Board Member
(Non-Executive)



Abdulwahab Abdulkarim Albetairi
Board Member
(Independent)



Dilip Nijhawan
Board Member
(Non-Executive)



Olivier Harnisch
Board Member
(Independent)





Revenue Growth

49.9%

Return on Equity

22.1%

A year of strong recovery saw SACC achieve underlying operating profit nearly five times greater than 2021, improving margins, a further focus on diversifying into non-aviation sectors and fresh opportunities emerging from Saudi Vision 2030.

Further growth in travel post-pandemic, the return of public and sporting events and organic growth in the non-aviation sector, resulted in revenue of SAR 1,818 million, representing growth of 49.9% over the SAR 1,213 million achieved in 2021, while operating profit reached SAR 283.9 million, nearly five times greater than the SAR 60.4 million achieved in 2021.

Our In-Flight Catering business exceeded expectations in terms of meals served and passenger numbers in a year of substantial progress and change, while the Catering & Facilities division succeeded in breaking into the healthcare sector, securing four major hospitals as clients and winning government contracts.

The Retail division continued to face challenges in the aftermath of the pandemic and used the year to assemble a new team, regroup and define its strategy for the coming year. With the forecast uptick in domestic and international travel, there are grounds for optimism that prospects will gradually improve.

The aviation-related targets set out in Vision 2030 – including a tripling of current airline passenger numbers to 330 million; the arrival of new airlines; fleet expansion by the low-cost carriers; and an increase in the frequency of international flights – are generating unprecedented opportunities.

We must strike a balance, however, between capitalizing on these aviation growth drivers and meeting our non-aviation business goals. We are redoubling our efforts to focus on growth opportunities, such as Hajj and Umrah, where the Government's streamlined visa process is already boosting pilgrimage numbers.

With SACC's rapid expansion, it is critical that we take every step possible to protect our systems, website and payment gateways. We have become highly engaged in implementing cybersecurity throughout the organization and created a standalone department to oversee this important area.

We also undertook a comprehensive review of our processes to see where specific elements of the operation might be better digitalized or automated. Our traffic control, HR and procurement functions are already benefiting from these efforts, which will be extended into all areas of SACC.

Looking ahead to 2023 and beyond, we are well on track to complete the diversification of our business and generate 50% of revenues from non-aviation related activities. This can be attributed to SACC's strategy to target giga projects as growth opportunities, as well as M&A activity. We hope to make some significant announcements about these developments in 2023.

I thank the Board for their wise counsel, and our workforce for driving our continued recovery during 2022 with their customary energy.

I also acknowledge the support of our strategic partners and stakeholders, and the Government, Ministry of Health and the General Authority for Civil Aviation for their support and oversight.

Finally, the loyalty our clients have shown us during these recent, difficult years cannot go unremarked: they have helped us prepare for every contingency and to face the year ahead with optimism.

Wajdy M. Al-Ghabban
Chief Executive Officer

SACC's performance surpassed our expectations in terms of base volume recovery, revenue across all sectors and an improvement in margin, with underlying operating profit nearly five times greater than 2021. The profit per share is SAR 3.14 (2021: SAR 0.17).

Revenue reached SAR 1.818 billion, an increase of 49.9% on 2021. The underlying operating profit of SAR 283.9 million was 370.5% higher than 2021, despite mobilisation costs associated with the higher new business growth.

The In-Flight Catering division achieved revenue of SAR 1,375 million, representing growth of 46.6% over 2021. Following substantial growth in the number of meals served, in-flight revenue grew by 44.4%, while our business lounges went from strength to strength, increasing year-on-year revenue by 101.9% thanks to robust growth in visitor numbers which in recent months, exceeded pre-COVID levels.

The Catering & Facilities division achieved revenue of SAR 386 million, with organic growth of 66.8% across all segments: business industry; healthcare; sports and events. Laundry achieved notable growth, while railway revenue grew 86.5% over the previous year.

The Retail division revenue grew by 33.7% over 2021, albeit from a low base, with on-ground shops achieving encouraging sales growth as passenger numbers grew. Our onboard and online sales suffered, however, with very slow recovery.

The company generated cash of SAR 417.2 million (2021: SAR 176.4 million). In the meantime, we improved our return on equity to 22.1% (2021: 1.6%), net debt to equity 0.4 (2021: 1.0) and current ratio to 2.4 (2021: 1.8).

While we expect global inflationary pressures to continue, we have a resilient and flexible business model to help us work in partnership with our clients to mitigate those pressures. Our disciplined framework supports growth, while ensuring a robust balance sheet and liquidity profile, which puts SACC in a strong position to invest and reward our shareholders accordingly.

Thanks to the execution of our teams and direction from our Board, SACC has emerged from the pandemic as a stronger and more resilient business, reflecting our clear strategy and market-leading growth enablers.

Looking further ahead, we remain excited about the significant structural growth opportunities in the Kingdom, leading to the potential for revenue and profit return to our shareholders.

Hesham Masoud
Chief Financial Officer

The underlying operating profit of SAR 283.9 million was 370.5% higher than 2021, despite mobilisation costs associated with the higher new business growth.

Our disciplined framework supports growth, while ensuring a robust balance sheet and liquidity profile, which puts SACC in a strong position to invest and reward our shareholders accordingly.



SAR 1,818 mn

Revenue Achievement
(2021: SAR 1,213 million)

SAR 283.9 mn

Operating Profit

SAR 3.14

Profit Per Share
(2021: SAR 0.17)

Executive Management

Wajdy M. Al-Ghabban
Chief Executive Officer



Hesham Masoud
Chief Financial Officer



Salah Al-Umar
EVP - In-flight Catering



Tom Byrne
EVP - Retail



Julien Pescheux
EVP - Catering & Facilities



Obaidah Al-Saggar
VP - Procurement & Strategic Sourcing



Rashed Alarfaj
VP - Health, Security & Standards Control



Thomas Gugler
VP - Culinary



Tarek Tharwat
Chief Audit Executive



Strategic Review

Buying simplified

We streamlined the buying process for clients and suppliers to remove the time-consuming and expensive task of managing multiple contracts.

Exceeding guidelines

SACC has overseen the creation and development of food safety systems and procedures that exceed regulatory and government guidelines.



About Saudi Airlines Catering Company

Since our inception in 1981, Saudi Airlines Catering Company (SACC) has rigorously pursued its fundamental mission: helping clients develop and deliver hospitality concepts and services of the highest standards.

While maintaining our leading position in the domestic airlines catering industry, we are also committed to a strategy of diversification to seize emerging growth opportunities, reduce reliance on a single revenue stream, and create additional value for our shareholders and employees.

Our mission

To excel as a market leader through continual process improvement, innovation, and timely response in the best interest of our customers.

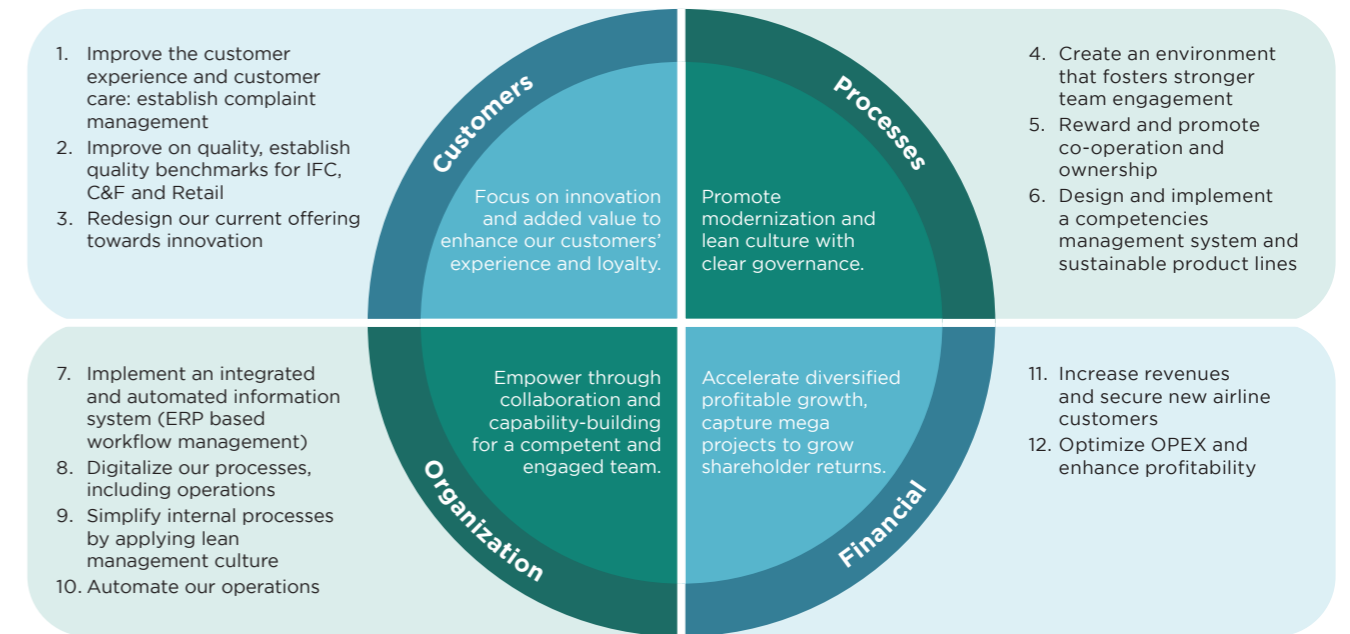
Our values

- Customer orientation
- Team spirit
- Transparency
- Sustainability
- Commitment to quality

We are committed to:

- Adopting international standards and complying with all local regulations
- Fostering an integrated safety culture
- Ensuring stakeholders' interests
- Exceeding our customers' expectations
- Maintaining competitiveness
- Supporting and developing our human resources
- Partnering with certified suppliers

SACC Smart Simplicity Strategic Enabler



Actively Supporting Saudi Vision 2030

SACC's strategic diversification journey activities in key sectors mirrors and supports the broader economic diversification goals of Saudi Arabia, as laid out in Vision 2030. Our core businesses, operational achievements and growth priorities are designed to add value to our company, while creating positive impact for our stakeholders and the nation.



Vision 2030 goals	SACC focus areas and contributions
Grow tourism to become the second largest contributor to GDP after oil & gas by 2030.	SACC plays a key role in enhancing the quality and value proposition of Saudi Arabia's tourism sector. We provide in-flight catering for Saudia and many other airlines, airport lounge and retail services, and a range of other catering offerings across the nation.
Transform the Kingdom into a leading regional logistics hub by 2030.	Our In-Flight Catering division is a key supporter of local, regional and international logistics.
Increase our capacity to welcome Umrah visitors from eight to 30 million every year by 2030 and serve Hajj and Umrah pilgrims in the best way possible.	Our Catering & Facilities division offers nourishment for thousands of religious pilgrims each year, complemented by our other divisions' providing meals and support throughout their pilgrimage journeys.
Increase the participation of young Saudis in the economy, promoting non-oil sectors and improving the overall quality of life.	We are committed to attracting, engaging and retaining Saudi talent. We ensure the happiness and wellbeing of our employees, and grow their knowledge and skills through a range of training and development programs.
Diversify Saudi Arabia's economy and improve quality of life through sports, culture and entertainment.	Through our growing role in major sports, leisure and entertainment events, our Catering & Facilities division creates jobs and supports Government efforts to attract tourists and investment by hosting world-class events.

Our Business Model

We aspire to be the Kingdom’s leading catering company with a diversified revenue base divided between aviation and non-aviation related business.

Inputs

Financial

Capital allocation
Assets
Cash
Debt

Physical

Land
Infrastructure
Equipment
Technology

Human

Workforce
Expertise
Leadership
Procurement

Social and relationship

Government
Partnerships and joint ventures
Community
Customers

What we do



In-Flight Catering

Our In-Flight Catering division has a long record of success based on scale, quality and consistency, working to world-class standards of health and safety in food production.



Retail

Retail division sells food and non-food items on the commercial flights of domestic and international airlines, on the ground across Saudi Arabia, and through dedicated e-commerce platforms.



Catering & Facilities

Catering & Facilities division provides a range of catering services in four sectors: business and industry, remote sites, education and healthcare, and now ready meals (following our 2022 joint venture with DailyMealz).

How we generate revenue



In-Flight Catering

Long-term catering contracts with local and international airlines, private jets and charter flights, airport lounges and airline equipment.



Retail

Long-term retail contracts with local and international airlines for onboard sales, strategic ground shops, and direct e-commerce sales.



Catering & Facilities

Catering and other services to supply airlines, trains and hotels; and large-scale catering contracts for businesses, remote sites, sports, leisure and entertainment events, and Hajj and Umrah.

Outputs

Financial

Dividends
Return on investment
Capital appreciation

Physical

Retail shops
Lounges
Infrastructure

Human

Staff training and development
Retention
Saudization
Employer of choice
Performance driven culture

Social and relationship

Social responsibility
Brand trust and equity
Trusted partner

In-Flight Catering

100%

The Wellcome lounges in Riyadh, Madinah and Jeddah exceeded 2021 performance by over 100%.

CORE, the new culinary academy in partnership with Worldchefs, will give SACC staff access to world-renowned international chefs, including Michelin Star trainers.

Egypt Air recognized SACC In-Flight Catering as one of its main partners in Saudi Arabia during the airline's 90th anniversary celebrations.

A comprehensive re-assessment of In-Flight Catering's (IFC) structure and operations – in readiness for the projected upswing in post-pandemic travel and allied to SACC's future growth plans – marked 2022 as a year of progress and change, but with IFC still exceeding its 2022 forecasts in terms of meals served and passenger numbers.

The evaluation resulted in IFC division activating a number of projects centered on productivity improvement, with a particular focus on operational processes, automation and digitalization.

We made significant investments in specialized machinery – to improve efficiency and to replace a number of operations which were previously performed manually – and in technology to enable increased digitalization of manual documentation and to improve information sharing. This resulted in substantial efficiency gains and improved product consistency, although the full benefits are yet to be experienced because the project is ongoing.

Performance in 2022

Revenue grew to SAR 1,375 million, an increase of 46.6% on the SAR 938 million achieved in 2021. Profit before taxes and overhead allocations was SAR439 million, against SAR 251 million in 2021.

With the lifting of pandemic restrictions in March 2022, IFC mobilized quickly to be ready for the sudden surge in travel. Since we had retained 75% of our staff during the restrictions, we were able to swiftly ramp up operations, with no drop in standards, and generated some impressive results.

In terms of meals served, IFC topped its 2021 result by 88%, while the performance of the Al Fursan International Lounge at King Abdulaziz International Airport, and the Wellcome lounges in Riyadh, Madinah and Jeddah, contributed to a 101.9% increase in revenue growth over 2021.

A key development in 2022 was the conversion of Jeddah to hub status by Saudia, SACC's principal client. Typically, a hub is geared to process international flights arriving in three waves over a 24-hour period, either for onward international or domestic connections.

Since many of these flights require a turnaround of only two or three hours, it imposed significant logistics challenges on SACC, such as shorter food preparation and cooking times.

But we proved equal to the task and maintained the high standards of food hygiene on which our reputation is built, once again achieving a 100% food safety result under our Food Management Safety System (FSMS) based on the principles of Hazard Analysis Critical Control Point (HACCP).

The expansion of our Jeddah catering facility is a work-in-progress and, in the short term, will address many of the challenges we have faced with the airport's conversion to hub status by giving us more space and improving workflow. Critically, however, the new facility future-proofs the operation in anticipation of growing tourism to the Kingdom, the arrival of low-cost airlines, new non-aviation sales channels, and more.

Elsewhere, our Riyadh IFC Unit received the Ground Service Provider Certificate (GACAR 151) in October, while Egypt Air recognized SACC as one of its main partners in Saudi Arabia during the airline's 90th anniversary celebrations in May.

We also successfully met the certification requirements of ISO 9001, ISO 22000 and HACCP food safety management system, following an external audit.

189.2k 

Flights Served

An increase of 35% compared to 2021.

31.9mn 

Flights Meals Served

An increase of 88% compared to 2021.

2.0mn 

Lounge Guests

An increase of 63% compared to 2021.

101.9% 

Lounge Revenue

Our business lounges increased year-on-year revenue by 101.9% thanks to robust growth in visitor numbers.

Looking Ahead

Four factors set the backdrop for our future growth. Saudia’s decision to step up its international presence; the Kingdom’s growing status as an international tourism destination; the arrival of additional low-cost airlines; and the move into non-aviation catering are welcome developments for SACC. But we must be prepared – most critically in the areas of operational efficiency and recruitment.

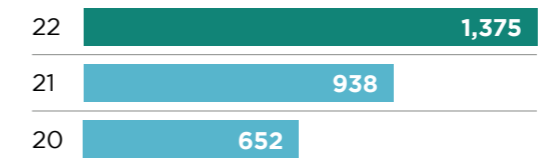
IFC has already embarked on a company-wide efficiency enhancement and automation program, which will be extended to our lounges and in-flight catering services to enrich the customer experience throughout our business lines, and to support our airline customers in achieving their service objectives.

In recruitment, we will maintain our policy of being highly selective, only appointing new personnel if they add fresh expertise or management experience. We will not be drawn into price-driven hiring, or a talent war. In parallel, we have ambitious plans for staff training, with food quality and consistency a key area of focus.

CORE, the new culinary academy in partnership with the World Association of Chefs’ Societies (Worldchefs) – whose President is Chef Thomas Gugler, SACC’s Head of Culinary – is an exciting new concept.

1,375mn

Revenue (SAR million)



IFC achieved revenues of SAR 1,375 million in 2022, representing a 46.6% increase over 2021.

Our staff will have access to world-renowned international chefs, including Michelin Star trainers and other top quality rating organizations, to give our cuisine a more international perspective.

SACC is ideally positioned to capitalize on the recovery in air passenger traffic. We anticipate no easing of the sharp increase in flights and passenger numbers – thanks, in part, to the easing of restrictions on Hajj and Umrah – another important niche market for the company.

439mn

Segment Profit before Taxes and Overhead Allocations (SAR million)



Segment profit before taxes and overhead allocations reached SAR 439 million in 2022, a 75% increase over 2021.

We will continue to target new opportunities to diversify our services and form partnerships to generate parallel revenue streams – including catering for cruises, sporting events such as Formula 1, exhibitions and cultural events. Airport lounges are also set to become another growth market.

Finally, SACC’s IFC division will continue to work closely with the Ministries and other authorities to better understand their plans and to understand how best to gear up to meet the growing demand for our services.

Retail

57.7mn

Revenue (SAR million)

Retail achieved revenues of SAR 57.7 million in 2022, representing a 33.7% increase over 2021.

The Flyadeal Boutique inflight retail program, in association with Saudia's low-cost carrier, was relaunched and is available on all routes.

Much of 2022 was devoted to repositioning SACC Retail's offer following two years of disruption caused by the pandemic, so it was a year of consolidation and laying the foundations for future growth and expansion.

Retail's ongoing focus on digitalization was a key feature of the year – making the process of shopping with us as seamless and simple as possible, irrespective of whether our customers are flying, passing through an airport, or shopping online from home. Providing a truly omnichannel solution will remove friction and stimulate further sales by way of pre-order, expanded range and delivery options.

There were still challenges to our efforts to restore sales to their pre-pandemic levels. By the year end, we are still looking to expand the business in sustainable ways, by finding new spaces within the Kingdom's airports whether to operate in public terminals, Al Fursan lounges or Al Tanfeethi.

Our new team is defining a strategy for the coming year. With the forecast uptick in domestic and international travel, there are grounds for optimism that prospects will gradually improve.

Performance in 2022

During the year we relaunched the Flyadeal Boutique inflight retail program, in association with Saudia's low-cost carrier. It is now available on all of the airline's routes, a key component of the strategy to enhance our on-board offering. We also opened a small crew shop under the Flyadeal Boutique brand at the Jeddah headquarters.

We have also relaunched the inflight retail offer for Flynas by way of Flynas Mall.

Another highlight was the introduction of small retail boutiques in departure lounges. These enjoyed reasonable success, which we will further build on in 2023, and we intend to maintain our presence in these locations given their encouraging sales outlook.

We rationalized our retail presence at several small regional locations to concentrate our efforts on the Kingdom's main and larger regional airports.

With the pandemic necessitating a pause in our training programs, we resumed investment in our teams again, with an emphasis on selling skills and the psychology of selling. Instilling skills across the business and improving our conversion rates is an ongoing priority.

Looking Ahead

The future of e-commerce retailing is bright, and we intend to focus our energies on further developing SACC's online offerings. Our mission is to become a luxury brand online retailer and we will target the wider Saudi market with this proposition.

In the year ahead, we will fully activate our e-commerce team and platform, having invested in auditing the existing platform and appointed a new divisional team during 2022. Plans are well-advanced to relaunch the platform with a new provider in the second quarter of 2023.

We will capitalize on our successful SkySales brand, and the excellent reputation it enjoys in the marketplace, making it the cornerstone of our retail offer. Boosting domestic sales via the SkySales website – designed to facilitate easy interaction and innovative pre-ordering facilities such as delivery-to-seat – remains a top priority.

As Retail's recovery continues, we will leverage our strong relationship with Al Fursan business lounge users, currently standing at around 7 million people, and make this a focus of our 2023 trading plan.

In summary, we are committed to the full post pandemic recovery of the retail segment, which historically, has been highly successful. We have put in place the necessary competencies and people to help Retail become sustainably profitable.

SACC Retail is poised to generate a valued proportion of the company's revenues and become a significant pillar of the company. This will not happen overnight because the new processes we have put in place will take time to make an impact. However, with the further development of e-commerce and as local airlines continue to expand, our projections indicate that the retail customer base will grow at a spectacular rate over the next five years.

Catering & Facilities

386.0 mn

Turnover (SAR million)

SACC's ambition to transition its Catering & Facilities (C&F) business to a fully Integrated Facilities Management (IFM) operation gathered pace in 2022, partly in response to changes in market trends as we experienced a fundamental shift in how our services are bought.

We have witnessed a new energy from highly-educated Saudis returning from studying abroad, where exposure to fresh thinking has encouraged them to challenge the market with innovative ideas.

As a first for the industry in the region, we participated in a Corporate Venture Capital (CVC) fund to invest in these new forces coming into the industry: risk takers, ideas people, and digital and service disruptors. In 2022 we made our first small investment, in the aptly named Dailymealz – a food subscription app that delivers fresh, varied and tasty meals to people's offices, with weekly or monthly subscriptions. Collaborating with these new players, and supporting their growth, can only benefit the industry and our clients.

The year was notable in that we started to attract more IFM-type bids than specific service requests. Clients increasingly want to simplify the procurement process under a consolidated contract, with just one set of KPIs and SLAs.

In response, we have streamlined the buying process for clients, removing the previously time-consuming and expensive task of managing and monitoring multiple contracts, applying control mechanisms and ongoing legal scrutiny.

C&F's strategy to be more selective in its development also yielded positive results, with an exceptional client retention record in excess of 95%. By playing to our strengths as a substantial operator, we have achieved a best-in-class bid conversion rate of about 36%. B2B service-led providers typically expect a ratio of one win in four.

Throughout 2022, we addressed the challenge of inflationary pressures by holding constructive discussions with clients and partners, managing their expectations and devising creative solutions for existing contracts that add and deliver value, while still ensuring that we remain competitive.

Longer term, we believe that the IFM approach is the most effective way to offer our clients best value, so C&F is both encouraging and embracing the dramatic changes affecting our industry.

Performance in 2022

Building on our first year of profitability in 2021, C&F grew revenue to SAR 386 million in 2022, an increase of 66.8% on the 2021 revenue of SAR 231 million, excluding staff services and single camp costs. This is an outstanding result, given that margin erosion is frequently the price for such dramatic growth.

SACC signed a third contract with the Dakar Rally to supply and distribute meals for this major sporting event.

Net profit growth for the year increased by 68%. C&F's ability to maintain margins at pre-pandemic levels demonstrated that it is possible to pursue growth and protect margins, whatever the economic backdrop.

One of our major goals for 2022 was to break into the health sector. It is pleasing to report that we secured four major hospitals as clients. In addition, the Government awarded contracts to C&F to participate in the modernization of the Kingdom's healthcare system by providing patients with ready-cooked meals, a less expensive and more consistent option in terms of quality.

The easing of pandemic restrictions meant we could refocus on SACC's extensive Hajj & Umrah operation. We made good progress during the year in implementing new programs and integrated solutions designed to enrich the pilgrim experience.

9.8mn

Business & Industry Meals Served

We served our 49 clients in business & industry 19.6% more meals than last year.

4.9mn

Remote Site Meals Served

Our 28 remote site clients were served 4.9 million meals, 29% more than in 2021.

12.1tons

Laundry

With 9.8 tons and 1.8 tons of laundry respectively, KAEC and KFMC mainly drove the increase of 116% over 2021.

To highlight the importance of the sector to SACC, we sponsored a three-day conference in Jeddah, in association with the Ministry of Hajj & Umrah, to showcase innovations in food and beverage, hospitality, laundry, and facilities management and to explore potential partnerships.

Last year, we noted the successful turnaround of our railways business and a 60% increase in passenger numbers. Our contract with Saudi Railways Company to provide food and beverage services to its Haramain High Speed Railway carriages and cafeteria was extended in 2022 to include on-train hospitality for business class passengers and business class lounges at the train stations.

We also extended our contract with Saudi Arabian Trading & Construction Company (SATCO), signed a third contract with the Dakar Rally to supply and distribute meals for this major sporting event and, on the healthcare side, signed new contracts with King Faisal Specialty Hospital and Procare Riaya Hospital in the Eastern Province.

Another notable achievement was the turnaround of our laundry operation, Saudi Laundry Services. This followed a gradual move towards break-even last year which continued into 2022, when we were profitable every month.

Dailymealz - a Riyadh-based food subscription app - received the CVC Fund's first investment to support its growth and expansion.

Saudi Railways Company extended its contract with SACC to include on-train hospitality for business class passengers and business class lounges at train stations.

386mn

Revenue (SAR million)

Catering & Facilities achieved revenues of SAR 386 million in 2022, representing a 66.8% increase over 2021 and a segment profit growth of 68.0%.

4.9mn

Railway Passengers

An increase of 158% compared to 2021.

Looking Ahead

We expect to see the market continue to become more partnership-driven, as clients look to build long-term relationships with companies like SACC, which have a proven track record.

We will continue to adopt a highly selective focus on securing large projects in the diverse and dynamic catering market, whose growth shows no sign of slowing.

Expansion brings fresh challenges, particularly when attempting to ensure that we never compromise our policy of only hiring the best people, with the skills we need, just to meet short-term targets.

People

SACC Human Resources division's success in reversing the high attrition rate of people leaving the organization because of the pandemic lockdowns and travel restrictions was one of the year's notable achievements.

By switching our recruitment focus to hiring Saudis and locally-based expats, and outsourcing some services to third parties, we filled 1,300 new positions in 2022 against 445 in 2021.

Airlines were hard hit by COVID-19, making recruitment particularly challenging. In line with SACC's diversification strategy, we approached several new countries to source the skills and experience we need. Some 43 nationalities are now represented within SACC's workforce of 4,500.

It is pleasing to report that we comfortably exceeded our company wide Saudization target of 25% across all sectors, reaching 34% by year end and placing the company well into the Government's high green zone. Our target is 38% Saudization, which will place us in Platinum, the highest level.

Expansion brings fresh challenges, particularly when attempting to ensure that the quality of the people who join us, and their competencies, are never sacrificed for the sake of meeting short-term targets. But we demonstrated that we are equal to these challenges.

In 2022, SACC launched 27 lounges across the Kingdom in less than three months, requiring 170 new hires, many of them from overseas. By not compromising our recruitment standards, we hired the right people for the roles, and this translated into an elevated customer experience.

As SACC goes increasingly international in its efforts to hire the best people, next year will bring the launch of a new culinary training program - Culinary Optimize Resources Empowerment (CORE) - involving online training for more than 160 staff under a rota of 52 international chefs.

Company-wide, we expect to provide training to 3,200 members of staff - or 70% of the workforce - as we put in place new processes and procedures in preparation for the next phase of SACC's evolution.

With Riyadh and Jeddah set to handle 120 million and 105 million passengers respectively by 2030, our recruitment activities will at least double over the coming years. The competition to attract and retain top talent is certain to intensify, presenting further challenges to human resource departments.

Technology

One of the Information Technology department's principal roles is to analyze and understand SACC's business needs and deploy the necessary systems to ensure adherence to compliance, governance and cyber security, as well as enhance efficiency and engage employees.

IT is a key business enabler in facilitating ways for the business to excel and focus on its core functions.

Dashboards were introduced to provide ready information to management - for example, on sales, growth and current and emerging issues - to facilitate decision-making. A review of ERP solutions for the Finance, Human Resources and Procurement departments was also concluded.

Digitalization of various services was ongoing, including the identification of new visitors to the company's premises, which had previously been a time-consuming, manual task which could only be completed on reaching reception. By accessing a special public link on the SACC website, visitors can now pre-register their details and are issued with QR codes to be scanned on arrival. A dedicated Digitalization unit was created to drive this initiative forward.

One of IT's most significant undertakings in 2023 will be to achieve compliance with the requirements of the National Cybersecurity Authority. SACC'S new Cybersecurity unit will mastermind this task, which entails a complete transformation in terms of controls, technology, automation and risk assessment.

1,300

We switched our recruitment focus to hiring Saudis and locally-based expats, filling 1,300 new positions during 2022.

34%

Our Saudization rate reached 34% at year end, comfortably ahead of our 25% target.

We also plan a complete overhaul of the e-commerce business from an operational and technology perspective. We will undertake a full assessment in terms of technology platform and streamlining the process, with a view to increasing our straight-through processing (STP) as far as possible.

We are also planning the gradual introduction of Robotics Process Automation, a form of business process automation technology. The introduction of advanced data analytics, to make corporate information more relevant and accessible, is also planned.

IT Vision:

To be the key enabler for our stakeholders, by providing the best-in-class IT Services, with highest quality and quickest delivery, capitalizing on the latest technology, and continuous innovation.

Cybersecurity

The Company's focus on Cybersecurity sharpened in 2022, with heavy investments in solutions, technologies and services to ensure that SACC meets its strategic objectives of strengthening, regulating and defending its technical and information assets, as an affirmation of full and continuous compliance with the national legislative and regulatory requirements related to with Cybersecurity.

The Company continued to build on the foundations laid in 2021 and grew the Cybersecurity team from two members to five. In line with National Cybersecurity Authority (NCA) mandates, the Cybersecurity Department works independently of the IT Department and reports directly to the CEO.

This separation is designed to eliminate any possibility of a conflict of interest between the company's operational and regulatory objectives.

While concentrating on the Essential Cybersecurity Controls (ECC) as enforced by the NCA, the Cybersecurity team was also tasked to put in place a range of other controls. These include cloud, critical systems, telework, social media and data.

This means that new Cybersecurity processes are cascaded through other departments across the business. From HR onboarding to the addition of clauses to legal contracts and assessing our vendors and their products, SACC is taking a more mature approach to understanding and managing the risks from cybersecurity.

As SACC expands, the threats to the business from a variety of sources will grow exponentially. The existence of an effective cybersecurity team, working to nationally approved standards, is vital to our defense and, therefore, an essential insurance policy in safeguarding our interests.

Culinary Excellence

Haute cuisine and corporate hospitality are still in their infancy in the Kingdom and remain an under-developed sector. But this is set to change dramatically, as the Kingdom opens its doors to international visitors and becomes a magnet for cultural, tourism, sporting and luxury goods events.



Saudis travelling abroad enjoy new food experiences that they aspire to replicate at home – to the same quality they experience in the restaurants of London, Paris or New York.

SACC's 40-year reputation as one of the safest airline caterers in the world – with a robust catering infrastructure and massive production facility already in place – gives us a distinct advantage over other companies in tapping into a broader, high-end market. This is central to our strategy of generating at least half of our future revenues from non-airline sources.

Through the SACC Culinary Division, under Chef Thomas Gugler, who is also the President of Worldchefs (12 million chefs globally) the company has already given non-aviation customers new food experiences not normally associated with a traditional airline caterer and received resoundingly positive feedback.

Now SACC is looking first to expand, then to export its culinary expertise to neighboring countries, where food hygiene and safety regulations are broadly similar to those of the Kingdom, and the costs and logistics involved in establishing a foothold in these new markets is manageable, without significant further investment.

This could be a precursor to a move into the global market, using SACC's proven expertise in airline catering, which has seen us win two Mercury Awards – the most prestigious award in travel catering – to create a branded operation that can turn its hand to reasonably priced, high-end cuisine and service in international markets.

We have developed food safety systems that exceed regulatory and government guidelines in aviation and other sectors including healthcare, religious tourism, railways and corporate hospitality.

While remaining true to our core aviation business, we plan to demonstrate our ability to shift seamlessly from mass catering into a high quality luxury offer with which to target and attract new customers, such as cruise companies, major corporates and embassies. Part of our remit in spreading the SACC message in new geographies will be to encourage the high-end mass market to focus more on quality than price.

It is clear that the Saudi love of food is fueling the interest in developing quality cuisine in the Kingdom and turning haute cuisine into one of the major entertainment sectors.

By continuing to work to the highest food hygiene and safety certification possible, and a growing its international reputation, SACC is poised to become a major power in quality, non-aviation related food production, here in the Kingdom and overseas.

Health, Security, & Standards Control

The Health, Security, & Standards Control division (HSSC) works toward achieving the highest quality and best food safety measures by implementing local and international food safety and quality standards alongside customer-specific requirements across the value chain.

HSSC achieves a wide reach across all the SACC business segments aided by the departments of Hygiene & Food Safety, Regulatory and Scientific Affairs, Research & Laboratory, Quality Management, Occupational Health & Safety, Medical Services, Process Excellence, Sustainability, Risk & Business Continuity, and Security.



With an exemplary track record in food safety and hygiene, HSSC has overseen the creation and development of food safety systems and procedures that exceed regulatory and government guidelines in both aviation and other catering business lines, such as healthcare, remote sites, outlets, railways, as well as Hajj and Umrah and events sectors.

During 2022 HSSC maintained its focus on creating value for our diversifying business, while safeguarding our people and customers' interests. By leveraging its suite of monitoring and assessment systems, HSSC remained focused on the objectives of the corporate strategy to deliver world-class standards.

HSSC works with all SACC divisions to achieve its mission, specifically through reviews of food and employee safety, and medical and quality management systems; regular inspections of all facilities; and the provision of continuous staff training programs across the organization.

In 2022 the division implemented a range of upgrades to the group's health and safety infrastructure, ensuring all activities remained compliant with government regulations and certification requirements. These included a successful upgrade of our Food Safety Management System to satisfy International Organization for Standardization (ISO) 22000:2018 standards and General Authority of Civil Aviation (GACA) R151 certification for our operations at Jeddah, Riyadh, Medina, and Dammam.

HSSC also successfully completed external audits for ISO 9001, ISO 41001, ISO 45001, ISO 22000, and Hazard Analysis and Critical Control Point (HACCP) certification, in addition to undergoing a number of successful government audits by the Ministry of Health and the Saudi Food and Drug Authority (SFDA) at Jeddah, Riyadh, Dammam, and Medina.

SACC achieved ISO 22301:2019 Business Continuity Management System certification by fulfilling all the requirements and developing a robust business continuity structure.

Our Central Laboratory was accredited with ISO 17025:2017 from the Saudi Accreditation Center (SAC), and it also secured a private laboratory license and a designated laboratory license from the SFDA.

Meanwhile, our staunch commitment to workplace equity saw the successful renewal of our GOLD status Mowaamah certification for disability-friendly working environments - obtaining the highest score in the group's history.

10,193

The HSSC division successfully carried out 10,193 food and 815 water sample analyses.

Integrating Risk-Based Concepts Across the Organization

In 2022, the Risk Management Committee supervised the integration of risk-based concepts across the group, resulting in the development of Risk Index criteria, and the issue of an RMC charter.

SACC conducted simulation exercises for various emergency scenarios including machine breakdown, power outage, data recovery following network outage, physical disruption due to armed assault, and food contamination due to unhygienic production processes. In addition, SACC commenced a new program of quarterly ERM internal reporting.

Committed to Verification

Our commitment to verifying the highest levels of health and safety across all our facilities and business lines includes a comprehensive regime of rigorous testing to ensure ongoing compliance. To ensure the implementation of our standards across the group in 2022, the HSSC division successfully carried out the following initiatives:

- 10,193 food and 815 water sample analyses
- 972 water and food samples analyzed for external customers
- 10,585 handprint tests and 10,585 cleaning control tests
- 200+ security incidents countered as part of the robust security measures at operation sites

We are developing a comprehensive business continuity plan for the organization.

Our focus is always on the safety of staff and customers.

HSSC Countermeasures During the Pandemic

Our robust COVID-19 protocols were rigorously applied across the organization in 2022, as the threat from the coronavirus continued throughout the year. Our COVID-19 Risk based Strategy & Action Plan was applied on three levels, comprising preventative measures; infection control protocols for staff; and a comprehensive awareness program for employees, including those traveling to high-risk areas.

Plans for 2023

Our focus in 2023 will continue to be the safety and security of our people, customers, workplaces and products - in line with international standards and government regulations - and to support SACC's compliance objectives.

The process of applying a risk-based approach for all HSSC activities will continue in the coming year, as we work proactively with all SACC divisions to achieve our goals.

Other key goals are to implement increased automation and create a smart reporting system within HSSC, in addition to developing a comprehensive business continuity plan for the organization.

In 2023, we aim to secure Food Safety System Certification (FSSC) 22000 under the Global Food Safety Initiative (GFSI), demonstrating that the scheme meets the highest standards globally with regard to international food industry requirements.

Meeting the Vision 2030 target to attract 120 million passengers to Riyadh, and 105 million to Jeddah by 2030, requires not only massive investment in terms of infrastructure development, systems, and people, but also a company-wide determination to maintain these quality, safety and security standards, no matter how rapidly we grow.

Procurement & Supply Chain

A series of natural disasters, war and the resulting economic headwinds made 2022 a tough year for SACC Procurement & Supply Chain. Operational challenges included high freight costs, a shortage of available vessels for at least nine months and the lockdown in China, resulting in supply shortages. The Ukraine conflict impacted supplies of oil and poultry while, late in the year, serious flooding in Pakistan hit rice production and exports.

But SACC had in place a strategy to deal with such emergencies and the unexpected challenges to our inventory and supply chains. We mobilized a network of back-up suppliers and leveraged relationships with strategic partners to help us source critical items, such as additional quantities of oil and poultry. We were exceptionally granted an import license to source poultry from Brazil. This additional supply chain helped us manage costs and supply.

In response to the situation in China, we started shipping items by air to avoid running out of stock and investigated back-up suppliers in the local market to source essential airline equipment.

Despite the unprecedented events we faced, our proactivity, plus the back-up strategy to source from alternative suppliers in new and domestic markets and developing and sourcing alternative items, combined to support SACC and meet all of our operational requirements.

Reaching framework agreements with two major local poultry producers was one of the year's highlights. These agreements boosted SACC's use of local Saudi suppliers, reduced logistics costs, and supported the local economy.

Key pillars of our strategy in the year ahead include: building a local supply chain by strengthening SACC's relationships and capabilities with local suppliers; continuing our investment in automation; digitalizing our processes; and using state-of-the-art, collaborative supply chain solutions with our business partners.

Sustainability

Throughout 2022, SACC built its dedicated sustainability function and achieved important milestones in terms of mapping the company's foundation to establish a comprehensive sustainability strategy.

To address the environmental element in a meaningful way, we collaborated closely with the General Authority of Civil Aviation of Saudi Arabia to determine the current environmental performance of all aviation sectors including airline catering and improve them wherever possible. As a result of this exercise, we established an internal baseline for the company's environmental performance.

From a social perspective, we established the SACC Academy and set an ambitious goal to train 4,000 student chefs over the next five years, a first in SACC's 41-year history. We also delivered specialized training to more than 1,000 SACC employees.

We also expanded our social activities by participating in two new initiatives. The first is linked to SACC's catering sector through the Saudi Food Bank (Eta'am) which upholds the 'grace of waste' concept through food banks in a way that discretely protects the privacy of beneficiaries.

Next year, we will reach further milestones in our sustainability journey, including the start of annual ESG/sustainability reporting and setting specific objectives.

We also continued to collaborate with Qaderoon Network, which shares know-how and raises awareness about integrating people with disabilities into work environments.

SACC reaffirms its commitment to achieve sustainability and build a society that is inclusive, fair and accessible to all. We are also committed to achieving Saudi Arabia's National Development Plan and Vision 2030.

The next year will bring further developments in SACC's sustainability roadmap, establishing specific goals and objectives, creating a baseline for the company's footprint, and starting to report its annual sustainability metrics and achievements.

We also plan to boost our contributions to the United Nations Sustainable Development Goals (SDGs), particularly around healthy meal concepts and a sustainable procurement program.

Corporate Governance Report

Best practice culture

Our ongoing investment in best practice Corporate Governance and Risk Management has created a culture that is an integral part of our corporate DNA.

Monitoring risk

We routinely check and validate our governance and risk capabilities, without allowing such controls to compromise our corporate vision, or commercial and strategic objectives.



1. Overview by the VP – General Counsel

SACC's executive team closed 2022 with a number of successes and key achievements. Early in the year, the outgoing Board of Directors' session ended, and new Board members were appointed for the next term. In addition, there was key developmental work on the Company's internal policies and business expansion initiatives.

The Governance Department fulfilled its responsibilities in setting guidelines for governance, identifying appropriate procedures and authorities and ensuring adherence to the principles of sound governance and all applicable laws and regulations.

Saudi Arabia's Ministry of Commerce issued a new Companies Law in 2022, while the Capital Market Authority and other authorities updated a number of regulations, which are designed to have a positive impact on business. We will be working to complete their implementation in a way that best serves the interests of SACC, and those of our shareholders and business partners.

Overall, SACC had an exceptional 2022 as we recovered from the effects of COVID-19, with the Governance Department doing everything in its power to minimize the impact of the pandemic and mitigate any adverse effects.

We achieved good results in governance and compliance, which contributed to protecting SACC's interests and avoiding any penalties or risks, to the point where SACC is now a leading company in the governance field.

In conclusion, I sincerely thank the Governance team for their extraordinary efforts in serving SACC's best interests, and those of our shareholders.

Muhammed Hamza Al Harbi

VP - General Counsel

2. Company's Main Activities

Activity	Revenue in SAR*	Percentage
In-Flight Catering	1,374,532,463	75.6%
Retail	57,679,439	3.2%
Catering and Facilities	385,794,466	21.2%
Total	1,818,006,368	100.0%

* Revenue excludes internal income.

3. Affiliates' Main Activities

Activity	Revenue in SAR	Percentage
Operating and managing duty free shops	396,342,081	100.0%
Providing catering services*	0	0
Total	396,342,081	100.0%

* SACC for Catering Services Company did not achieve any revenues during 2019,2020,2021 and 2022, noting that the company's first fiscal year ended on 12/31/2020.

4. Company's Plans, Main Decisions, and Future Expectations

Details on the Company's plans and future expectations are provided in pages 18-35 whereas the following schedule shows the Company's main decisions and events during 2022, which have been announced in the official webpage of the Capital Market Authority 'Tadawul'.

Main decisions:

Date	Decision
05/01/2022	Saudi Airlines Catering Company announces the Starting of the Electronic Voting on the Extra Ordinary General Assembly Meeting Agenda (first meeting)
10/01/2022	Saudi Airlines Catering Company announces the Results of the Extraordinary General Assembly Meeting (first meeting)
23/01/2022	Saudi Airlines Catering Company announces to Invites its Shareholders to Attend the (first meeting) Ordinary General Assembly Meeting
27/01/2022	Saudi Airlines Catering Company announces the Appointment of the Chairman and Vice Chairman of the Board of Directors, and the Formation of the Board's Committees, the appointment of company's representatives to the Capital Market Authority and Saudi Exchange Company (Tadawul), and the appointment of the Board Secretary
09/02/2022	Saudi Airlines Catering Company announces the Starting of the Electronic Voting on the Ordinary General Assembly Meeting Agenda (first meeting)
14/02/2022	Saudi Airlines Catering Company announces the Results of the Ordinary General Assembly Meeting (first meeting)
16/02/2022	Correction announcement from Saudi Airlines Catering Company in regards to SACC's Announcement of the Results of the Ordinary General Assembly Meeting (first meeting)
06/03/2022	Saudi Airlines Catering Company announces the embarking on a contract with Altanfeethi Company "Executive Office"
23/03/2022	Saudi Airlines Catering Company announces its Annual Financial Results for the Period Ending on 2021-12-31
19/04/2022	Saudi Airlines Catering Company's announcement to Invite its Shareholders to Attend the Extra Ordinary General Assembly Meeting (First Meeting) through modern technology
21/04/2022	Saudi Airlines Catering Company announces the amendment of its contract with Saudi Railways Company
21/04/2022	Saudi Airlines Catering Company announces Resignation Audit Committee Member
08/05/2022	Saudi Airlines Catering Company announces to its Shareholders the Starting of the Electronic Voting on the Extra Ordinary General Assembly Meeting Agenda (first meeting)
12/05/2022	Saudi Airlines Catering Company announces the Results of the Extraordinary General Assembly Meeting (first meeting)
12/05/2022	Saudi Airlines Catering Company announces its Interim Financial Results for the Period Ending on 2022-03-31 (three months)
20/06/2022	Saudi Airlines Catering Company announces the Decrease of its Accumulated Losses to 19.3% of the Capital
09/08/2022	Saudi Airlines Catering Company announces its Interim Financial Results for the Period Ending on 2022-06-30 (six months)
15/09/2022	Saudi Airlines Catering Company announces the renewal of its contract with Flynas Company
04/10/2022	Saudi Airlines Catering Company announces Contract Sign Off with Al Hana Trading Group Company
08/11/2022	Saudi Airlines Catering Company announces its Interim Financial Results for the Period Ending on 2022-09-30 (nine months)

5. The Company's Assets and Liabilities (SAR)

In Saudi Arabian Riyals ('SAR')

Declaration	2018	2019	2020	2021	2022
Current Assets	1,415,363,541	1,331,922,935	1,279,061,306	1,061,948,216	1,360,930,282
Non-current Assets	670,422,118	1,172,342,089	1,027,939,300	868,682,866	670,264,547
Total Assets	2,085,785,659	2,504,265,024	2,307,000,606	1,930,631,082	2,031,194,829
Current Liabilities	616,906,370	605,361,494	869,087,478	571,570,358	562,603,584
Non-current Liabilities	167,423,832	593,251,589	577,836,243	486,541,980	348,665,066
Total Liabilities	784,330,202	1,198,613,083	1,446,923,721	1,058,112,338	911,268,650

6. Business Comparison (5 years) (SAR)

Declaration	2018	2019	2020	2021	2022
Revenue	2,035,757,930	2,156,266,255	926,573,642	1,212,507,870	1,818,006,368
Cost of Revenue	1,339,278,458	1,369,334,227	884,339,821	880,662,708	1,301,686,626
Zakat and Income Tax	37,114,177	39,134,091	18,844,869	19,712,588	28,717,827
Gross Profit	696,479,472	786,932,028	42,233,821	331,845,162	516,319,742
Net Profit/ (Net loss)	459,280,884	463,933,403	(334,686,399)	14,055,459	257,103,138

7. Geographic Analysis of Revenue (SAR)

Year	Geographic analysis for total income of the Company		
	Saudi Arabia	Egypt	Total
2022	1,767,444,576	50,561,792	1,818,006,368

8. Affiliates' Geographic Analysis of Revenue (SAR)

Associate / Subsidiary	Geographic analysis for total income of the Company	
	Saudi Arabia	Total
Saudi French Company for Operating and Managing Duty Free Shops	396,342,081	396,342,081
SACC for Catering Services	0	0

SACC for Catering Services Company did not commence operation during 2019, 2021 and 2022, noting that the company's first fiscal year ended on 12/31/2020.

9. Significant Differences in Operational Results, Compared to Previous Expectations

	2021 SAR	2022 SAR	Change (+) or (-) SAR	Percentage of change
Revenue/sales	1,212,507,870	1,818,006,368	605,498,498	49.9%
Cost of revenue	(880,662,708)	(1,301,686,626)	(421,023,918)	47.8%
Gross profit	331,845,162	516,319,742	184,474,580	55.6%
General and administrative expenses (including allowance for expected credit losses)	(274,224,550)	(258,061,721)	16,162,829	-5.9%
Other operating income	6,436,965	27,296,834	20,859,869	324.1%
Other operating expenses	(3,700,842)	(1,590,689)	2,110,153	-57.0%
Operating income (loss)	60,356,735	283,964,166	223,607,431	370.5%

10. Associate / Subsidiary 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
SACC for Catering Services	5,000,000	100%	Providing catering services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

11. Board of Directors

Based on the Company's bylaws, the Board of Directors of Saudi Airlines Catering 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.

A) Board Directors for the Current Session as of at 31/12/2022G

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 Company of Saudi Arabia
- Chairman of the Board of Directors of Al Muzaini Real Estate Development 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
- Member of the Board of Directors of Al Sharq Ready Mix Concrete

Corporate Governance Report

Academic qualifications

Bachelor of Science from Oregon State University, USA

Professional experience

Al-Sarhan has extensive experience in management, energy, nutrition, and logistics sector for over 35 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 where He held several leadership positions in companies such as: Al-Faisaliah Holding Group. He currently chairs the Board of Directors of Bahri Company and Goknur for Juice Company in Turkey, and participates in the Board of director of Al Faisaliah Holding Group.

Raed Ibrahim Almudaiheem

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

Current positions

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

Previous positions

- Board Member, Arabian Pipes 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 & Managerial experience covering more than 30 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 Jawa Energy Company

Previous positions

- Founder and Chairman of the Board of Directors of Jawa Energy Company
- Chief Investment Officer at Saudi Development and Technical Investment Company (TAQNIA)

Academic qualifications

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

Professional experience

Al-Yousifi 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 & Company previously known as CO & BOOZ in the USA, Oilfield Engineer at Schlumberger, USA. Communications Engineer at Saudi Arabian Oil Company (Saudi Aramco). Al-Yousifi 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 & 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.

Corporate Governance Report

Fadi Majdalani

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

Previous positions

- Board Member and Senior Partner, Strategy& (formerly Booz & 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 & 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 Mousa

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

Al-Mousa 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 Abdulkarim Albetairi

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

Current positions

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

Previous positions

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

Academic qualifications

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

Professional experience

Mr. Albetairi 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 & CME4 certification from the Capital Market Authority.

Dilip Nijhawan

Board member (Non-Executive),

Current positions

- CEO /Board Director of Kaelis World SI, Madrid (AMEA)

Previous positions

- CEO /Board Director of Emirates Flight Catering Dubai
- Inflight Catering Consultant Emirates Flight Catering reporting to the President
- Consultant at Oman Air /Flight Catering-Hotel
- CEO /Board Director of Sri Lankan Catering Co., Sri Lanka
- GM Oberoi Trident, Jeddah, Saudi Arabia
- GM Oberoi Flight Services & Oberoi Airport Services
- GM Oberoi Bogmallo Beach Resort, India

Academic qualifications

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

Professional experience

CEO, CCO, MD, EVP, Executive Board Director and Management Consultant leadership expertise with 35+ years' experience in leading Global Airline Catering units, Inflight services, Food Services & Retail Operations, Airline Onboard Services & Amenities, Airport lounges, Event Operations 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 Lunasole Hospitality

Previous positions

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

Corporate Governance Report

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 Abu-Dhabi University College of Business.

B) Board Members whose Membership Ended on 01/25/2022 at the End of the Previous Board Session:

Hasan Shakib Al Jabri

Board member (Independent), Chairman of the Audit Committee

Current positions

- Deputy Chairman of the Board of Directors and Chairman of the Executive Committee of the Dar Al Tamlek Company.

Previous positions

- CEO & Executive Committee member of the Saudi Economic and Development Holding.(SEDCO).
- CEO of the Saudi Economic and Development Holding Company for Securities (SEDCO Capital).
- Board member and head of investment banking business and managing director of Al-Ahli Capital
- Head of Corporate Banking Department at National Commercial Bank
- Deputy CEO of the Dar Al-Maal Al-Islami Trust
- Senior Executive Saudi American Bank (Samba Financial), in which he held several positions, the last of which was the Head of the Western Region of the Corporate Banking Group and Senior Director of Credit Services

Academic qualifications

- Bachelor's degree in Agricultural Engineering from the American University of Beirut
- Executive Management Program from Columbia University in the United States of America

Professional experience

AlJabri has more than 37 years of experience in the investment and commercial banking sector and managing companies. Since 1984 he worked in executive roles, where he held several senior positions in the Saudi American Bank (Samba Financial), the last of which was the head of the western region of the Corporate Banking Group and Senior Credit Services. He also served as senior executive of DMI group, where he led a merge a number of its banks, after that he moved to the head of corporate banking in the National Commercial Bank in addition to a member of the board of directors and head of investment banking and a managing director of NCB Capital.

Jonathan Stent-Torriani

Board member (Non-Executive), Member of Nomination and Remuneration Committee, Member of Executive Committee

Current positions

- Co-Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.)
- Majority owner & managing partner, Director, Ritz Carlton Montreal
- Board member & managing partner, Strategic Catering Co., KSA

Previous positions

- Management Internship, Ritz Carlton
- Operations Manager, Gate Gourmet Geneva
- Project Director, Icarus Consulting
- Managing Director, Gate South Africa
- CEO, Nuance Australasia
- President EMEA, Gate Gourmet
- CEO, Southern Europe, Compass Group
- Co-owner/Director, Bebebiz

Academic qualifications

- BA, Economics & History, McGill University
- Diploma (BSc) Ecole Hoteliere Lausanne

Professional experience

Jonathan Torriani worked for Gate Gourmet Group ('GGG') from 1991-1997 in various roles, including Managing Director for Operations Management, and Managing Director of GGG's operations in South Africa. He left GGG in 1997 to join Nuance Group as Chief Executive Officer of its operations in Australasia before returning to GGG as President of the European Division from 2000-2004. He was the Chief Executive Officer for the Southern Europe region at Compass Group from 2004-2006. Jonathan Stent-Torriani is the co-founder, co-owner and has been co-chief executive officer of Newrest Group since 2006.

Khaled Mohammed Al Hukail

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

Current positions

- Chairman of the Board of Directors of Société General Saudi Arabia
- Member of the Board of Directors of the Printing and Packaging Company and a member of the Remuneration Committee
- Member of the Audit Committee of the Saudi Arabian Ashmore Company
- Manager of Al Waseet Company

Previous positions

- Deputy General Manager, SABIC, USA
- Director of risk and insurance management at SABIC, Kingdom of Saudi Arabia
- Researcher in marketing solutions, SABIC, KSA

Academic qualifications

- University degree from Hamlin USA University
- Various courses in management, marketing and risk from the University of Minnesota – America

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Professional experience

Al-Hukail has an academic background in Business Administration from Hamlin University, Minnesota, USA, and has participated in numerous courses in risk management science at international institutes in London. He has more than 30 years of experience in the petrochemical industry, marketing, risk management and merging companies in new industries such as Shams Power Company as well as 9 years' experience in SABIC in the United States of America, where he took charge of designing marketing plans, managing human resources, building general company policies, handling products and scheduling shipments. Al-Hukail also builds on specialized experience in risk management and insurance for SABIC Saudi Arabia.

Al-Hukail currently chairs the Board of Directors of Société General Saudi Arabia, and he participates in the membership of the Board of Directors and the Remuneration Committee of the Printing and Packaging Company as well as a member of the Audit Committee of the Saudi Arabian Ashmore Company, and an independent board member in several funds in Ashmore Saudi Arabia.

Abdulkarim Essoulami

Board member (Non-Executive)

Current positions

- Board Director, Newrest, Maroc Services Co Morocco
- Board Director, Newrest Wagonlit Co.
- Chairman of the Board of Directors, ATASA Maroc Co.
- Chairman of the Board of Directors, Manzeh Diafa Company
- Chairman of the Board of Directors, SERHS Groupo Barcelona Co.
- Shareholder, DELMONTE Morocco Ltd Co.
- Chairman of the Board of Directors, Happy Frutti Co.
- Chairman of the Board of Directors, La Patisserie de l'Atlantique Co.
- Chairman of the Board of Directors & CEO, Rahal Maître Traiteur Co.
- Chairman of the Board of Directors, REZOCASH Company
- Chairman of the Board of Directors, PRIMA Foods Company
- Chairman of the Board of Directors, GROUPEX Co.
- Board Member & Shareholder, EDENRED Co.
- Chairman, Ryad Al Ghizlane Co.

Previous positions

- Professor at the University of Rabat in Morocco

Academic qualifications

- Bachelor's degree in Business Administration from the Institute of Communications, University of Rabat, Morocco

Professional experience

Essolami has extensive experience spanning more than 40 years, Established and driven executive Leader and Distinguished Visionary with more than 40 years' experience influencing Growth, Performance and Profitability of local and International Businesses and Firms. Great knowledge and expertise In Luxury gastronomy, hospitality, catering and the event planning.

Currently Essolami is holding several job positions and heads and participates in the membership of several major companies and institutions specialized in providing catering, catering and support services to many governmental and private agencies such as airports, train stations and other public and private companies and institutions, and luxury hotels. Essolami has a great experience in the food and luxury gastronomy and drinks industry for well-known international brands, as well as good experience in the field of management, supervision and training in the field of catering, planning, budgeting, development, project preparation and follow-up in addition to experience in the banking field.

11-1. Board of Directors' Meetings

Name / Meeting date	Total meetings (7)							Total
	09/01/2022	27/01/2022	22/03/2022	11/05/2022	04/09/2022	07/11/2022	11/12/2022	
Mohammed Al Sarhan*	✓	✓	✓	✓	✓	✓	✓	7
Raid Al Mudaiheem*	✓	✓	✓	✓	✓	✓	✓	7
Yousef Al Yousefi *	✓	✓	✓	✓	✓	✓	✓	7
Sami Al Hokair*	✓	✓	✓	x	✓	✓	✓	6
Fadi Majdalani*	✓	✓	✓	✓	✓	✓	✓	7
Fahad Moussa*	x	✓	✓	✓	✓	✓	✓	6
Abdulwahab Al Butairi *	x	✓	✓	✓	✓	✓	✓	6
Dilip Nijhawan *	x	✓	✓	✓	✓	✓	✓	6
Olivier Harnisch *	x	✓	✓	✓	✓	✓	✓	6
Hassan Al Jabri**	✓	x	x	x	x	x	x	1
Khale Al Hukail**	✓	x	x	x	x	x	x	1
Jonathan Torriani**	✓	x	x	x	x	x	x	1
Abdulkarim Essolami**	x	x	x	x	x	x	x	0

* Members of the Board of Directors as of at 31/12/2022G

** Board members whose membership ended on 01/25/2019 at the end of the previous board session:

11-2. Current and Previous Memberships of Boards of Directors and/or their Membership of Executive Management in Other Companies (local or international)

A) Board Directors for the Current Session as of at 31/12/2022G

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)

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 'SAMAREC', KSA public establishment
- Member of the Board of Directors 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 Riyadh 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)
- Member of the Board of Directors of Al Sharq Ready Mix Concrete, KSA (JCC)

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Raed Ibrahim Almudaiheem

Current Board and Management memberships

- Vice-Chairman, Masdar Building Materials, KSA (JCC)
- Chairman of the Director, United Mining Industries, KSA (JCC)
- Vice-Chairman, Northern Region Cement Co., KSA (Listed)
- 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)

Yousef Hamad Al Yousefi

Current Board and Management memberships

- Member of the Board of Directors of Sada Investment Company, KSA (Ltd.)
- Partner and Head of Investment in the Future Investment Company, KSA (Ltd.)
- Member of the Board of Directors of Jawa Energy Company and Head of shareholder, KSA (Ltd.)
- Member of the Board, Chairman Nomination and Remuneration Committee and member of the Investment Committee of Medgulf Insurance Company, KSA (Listed)
- Member of the Board of Directors of the Saudi Automotive Services and Equipment Company (SASCO), 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, KSA (Listed).

Previous Board and Management memberships

- Member of the Board of Directors, Chairman of Nomination and Remuneration Committee of Saudi Fransi Capital Company, KSA (Listed)
- Member of the Board of Directors, Saudi Automotive Services Company SASCO, KSA (Listed)
- Chief Investment Officer at Saudi Development and Technical Investment Company (TAQNIA), KSA (Ltd.)
- Member of the Board and audit committee of Leejam Sports Company, KSA (Listed)
- Sector Analyst at Passport Capital, USA (JCC)
- Associate at Jadwa Investment Co., KSA (JCC)
- Consultant at Booz & Company, USA (JCC)
- Wireline Field Engineer/Project Manager at Schlumberger Co., USA (JCC)
- Communications Engineer at Saudi Aramco, KSA (Listed)
- Project Lead and Senior Research Associate at King Abdullah Petroleum Studies and Research Center, KSA independent and non-profit center

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 & 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.)

Previous Board and Management memberships

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

Fahad Abdullah Mousa

Current Board and Management memberships

- Board Member and Excom Member at Saudi Airlines Catering Company, 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)
- Board Member and Audit Committee Member at Aircraft Accessories and Components Company, KSA (Ltd.)
- Board Member at Alsalam Aerospace Industries Company, KSA (Ltd.)
- Nominations Remuneration Committee Member at National Petrochemical Industrial Company (Natpet), KSA (JCC)

Previous Board and Management memberships

- N/A

Abdulwahab Abdulkarim Albetairi

Current Board and Management memberships

- Board Member at Tarabut Gateway Holding Limited, KSA (Ltd.)
- Board Member at Saudi Airlines Catering Company, KSA (Listed)
- Board & Risk Committee Member at Bank Aljazira, KSA (Listed)
- Vice Chairman of The National Petrochemical Industrial Company (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)
- Chairman of Osool & Bakheet Investment Company (OBIC), KSA (Listed)
- Board Member at Al Himmah Consortium, KSA (Ltd.)
- Board Member at Manafeth Ambulance & 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)

Corporate Governance Report

Dilip Nijhawan

Current Board and Management memberships

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

Previous Board and Management memberships

- NA

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)

Previous Board and Management memberships

- NA

B) Board Members whose Membership Ended on 01/25/2022 at the End of the Previous Board Session:

Jonathan Stent-Torriani

Current Board and Management memberships

- Co-Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.) (Ltd.)
- Majority owner & managing partner, Director, Ritz Carlton Montreal (Ltd.)
- Board member & managing partner, Strategic Catering Co., KSA (JCC)
- Board member, IFCO (Ltd.)
- Board member, McGill University BSRM (An educational body that operates outside the Kingdom of Saudi Arabia)
- IAB Board member, Ecole Hoteliere Lausanne (An educational body that operates outside the Kingdom of Saudi Arabia)

Previous Board and Management memberships

- Management Internship Ritz Carlton Montreal (Ltd.)
- Operations Manager, Gate Gourmet Geneva (Ltd.)
- Project Director, Icarus Consulting (Ltd.)
- Managing Director, Gate South Africa (Ltd.)
- CEO, Nuance Australasia (Ltd.)
- President EMEA, Gate Gourmet (Ltd.)
- CEO, Southern Europe, Compass Group (Ltd.)
- Co-owner, Bebebiz (Ltd.)

Hasan Shakib Al Jabri

Current Board and Management memberships

- Member of the Board of Directors of Saudi Economy and Development Holding Company for Securities (SEDCO Capital), KSA (Ltd.)
- Member of the Board of Directors of the Arab Petroleum Products Trading Company (APSCO), KSA (JCC)
- Member of the Board of Directors of Almunjem Foods Company. KSA (Ltd.)
- Board member & Chairman of the Investment Committee Abunayyan Holding KSA (Ltd.)
- Saudi British Business Council – Member, KSA Private Sector
- Member of the Board of Trustees and chair of the Research & Strategy Committee, KSA Government Sector

Previous Board and Management memberships

- Chairman of the Board of Directors of SEDCO Luxembourg for Financial Investments, KSA (Ltd.)
- Chairman of the Board of Directors of SEDCO Capital International Funds for Financial Investments, KSA (Ltd.)
- Member of the Board of Directors of Elaf Travel & Tourism – Elaf Group, KSA (Ltd.)
- Member of the Board of Directors of Yusr International School, KSA (Ltd.)
- Member of the Board of Directors of Ahmed Mohamed Salah H. Baeshen & Co., KSA (JCC)
- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company, KSA (listed)
- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company. KSA (listed)
- Member of the advisory committee of Saudi Capital Markets Authority (CMA), KSA (Government sector)

Khaled Mohammed Al Hukail

Current Board and Management memberships

- Chairman of the Board of Directors of Société General Saudi Arabia, KSA (JCC)
- Member of the Board of Directors of the Printing and Packaging Company and a member of the Remuneration Committee, KSA (Listed)
- Member of the Audit Committee of the Saudi Arabian Ashmore Company, KSA (JCC)
- Manager at Al-Waseet Trading Company, KSA (Ltd.)

Previous Board and Management memberships

- Deputy General Manager, SABIC, USA, KSA (Listed)
- Director of risk and insurance management at SABIC, Kingdom of Saudi Arabia, KSA (Listed)
- Marketing Researches at SABIC, Kingdom of Saudi Arabia, KSA (Listed)

Abdulkarim Essoulami

Current Board and Management memberships

- CEO & Board Director, Rihal Group, Morocco (JCC)
- Board Member, Newrest Wagonlit Co., Morocco (JCC)
- Board Member, ATASA Co., Morocco (Ltd.)
- Chairman, Manzeh Diafa Co., Morocco (Ltd.)
- Board Member, SERHS Groupo Barcelona Co., Morocco (Ltd.)
- Shareholder, DELMONTE Morocco Ltd Co., Morocco (Ltd.)
- Chairman, Happy Frutti Co., Morocco (Ltd.)
- Chairman, La Patisserie de l'Atlantique Co., Morocco (Ltd.)
- Chairman & CEO, Rahal Maître Traiteur Co., Morocco (JCC)
- Chairman, REZOCASH Co., Morocco (Ltd.)
- Chairman, PRIMA Foods Co., Morocco (Ltd.)
- Chairman, GROUPEX Co., Morocco (Ltd.)
- Board Member & Shareholder, EDENRED Co., Morocco (Ltd.)
- Chairman, Residence du Val Co., Morocco (Ltd.)
- Chairman, Ryad Al Ghizlane Co., Morocco (Ltd.)

Previous Board and Management memberships

- Professor at the University of Rabat in Morocco, public establishment

11-3. Board Members' Benefits

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

Board name	Beginning of year		End of year		Net change	Percentage change	Relative ownership
	Number of shares	Debt tools	Number of shares	Debt tools			
Mohammed Al Sarhan	41,025		33,720		7,305	-21.66%	00
Raed Al Mudaiheem	1,000		1,000		0	0	0
Sami Al-Hokair	311		6,080		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 Butairi	0		0		0	0	0
Olivier Harnisch	0		0		0	0	0
Dilip Nijhawan	0		0		0	0	0
Jonathan Torriani	0		0		0	0	0
Hasan Al Jabri	0		0		0	0	0
Khaled Al Hukail	100		100		0	0	0
Abdulkarim Essolami	0		0		0	0	0

Description of benefits, contractual based securities, and subscription entitlements for Board Members and their relatives on the shares and debt instruments of the Company

Board name	Beginning of year		End of year		Net change	Percentage change
	Number of shares	Debt tools	Number of shares	Debt tools		
Mohammed Al Sarhan	0	0	0	0	0	0
Raed Al Mudaiheem	0	0	0	0	0	0
Sami Al-Hokair	0	0	0	0	0	0
Fadi Majdalani	0	0	0	0	0	0
Yousef Al Yousefi	0	0	0	0	0	0
Fahad Moussa	0	0	0	0	0	0
Abdulwahab Al Butairi	0	0	0	0	0	0
Olivier Harnisch	0	0	0	0	0	0
Dilip Nijhawan	0	0	0	0	0	0
Hasan Al Jabri	0	0	0	0	0	0
Jonathan Torriani	0	0	0	0	0	0
Khaled Al Hukail	0	0	0	0	0	0
Abdulkarim Essolami	0	0	0	0	0	0

Description of the interests, contractual securities or rights issue of the Board members and their relatives on the shares of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops Co.)

Board name	Beginning of year		End of year		Net change	Percentage change	Relative ownership
	Number of shares	Debt tools	Number of shares	Debt tools			
Mohammed Al Sarhan	0	0	0	0	0	0	0
Raed Al Mudaiheem	0	0	0	0	0	0	0
Sami Al-Hokair	0	0	0	0	0	0	0
Fadi Majdalani	0	0	0	0	0	0	0
Yousef Al Yousefi	0	0	0	0	0	0	0
Fahad Moussa	0	0	0	0	0	0	0
Abdulwahab Al Butairi	0	0	0	0	0	0	0
Olivier Harnisch	0	0	0	0	0	0	0
Dilip Nijhawan	0	0	0	0	0	0	0
Hasan Al Jabri	0	0	0	0	0	0	0
Jonathan Torriani	0	0	0	0	0	0	0
Khaled Al Hukail	0	0	0	0	0	0	0
Abdulkarim Essolami	0	0	0	0	0	0	0

Description of the interests, contractual securities or rights issue of the Board members and their relatives on shares of the affiliate company (SACC for Catering Services Co.)

Board name	Beginning of year		End of year		Net change	Percentage change	Relative ownership
	Number of shares	Debt tools	Number of shares	Debt tools			
Mohammed Al Sarhan	0	0	0	0	0	0	0
Raed Al Mudaiheem	0	0	0	0	0	0	0
Sami Al-Hokair	0	0	0	0	0	0	0
Fadi Majdalani	0	0	0	0	0	0	0
Yousef Al Yousefi	0	0	0	0	0	0	0
Fahad Moussa	0	0	0	0	0	0	0
Abdulwahab Al Butairi	0	0	0	0	0	0	0
Olivier Harnisch	0	0	0	0	0	0	0
Dilip Nijhawan	0	0	0	0	0	0	0
Hasan Al Jabri	0	0	0	0	0	0	0
Jonathan Torriani	0	0	0	0	0	0	0
Khaled Al Hukail	0	0	0	0	0	0	0
Abdulkarim Essolami	0	0	0	0	0	0	0

11-4. Forming the Board of Directors & Membership Type

Member of Board of Directors	Type of membership
Mohammed Al Sarhan	Independent member (Chairman of the Board, Nomination & Remuneration Committee member, Chairman of the Executive Committee)
Raed Al Mudaiheem	Independent 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 & Remuneration Committee)
Yousef Al Yousefi	Independent member (Chairman of Nomination & Remuneration Committee)
Fahad Moussa	Non-Executive member (Executive Committee member)
Abdulwahab Al Butairi	Independent member (Audit Committee, Executive Committee member)
Olivier Harnisch	Independent member (Member Nomination & Remuneration Committee)
Dilip Nijhawan	Non-Executive member
Hasan Al Jabri*	Independent member (Chairman of Audit Committee)
Jonathan Torriani*	Non-Executive member (Nomination & Remuneration Committee member)
Khaled Al Hukail*	Independent member (Nomination & Remuneration Committee member)
Abdulkarim Essolami*	Non-Executive member

* Board members whose membership ended on 01/25/2022 at the end of the previous Board session

11-5. Remuneration of Board Members

Pursuant to article 76 of the 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 annual periodical remuneration is stated at the amount of SAR 300,000 to each Board member. The Board of Directors shall be also entitled to other allowances and compensations such as transportation and accommodation fees. However, those fees shall not exceed SAR 500,000 annually for each member (excluding other allowances such as transportation and accommodation). As stated in the Compensation Policy of the Board of Directors, the compensation shall be linked fully or partly to performance indicators such as meeting attendance.

Policy of Board of Directors' members remunerations:

- Based on article 76 of the Company's Law and in accordance with article 22 of the Company's bylaws, a Board remuneration may be a specific amount, meeting allowance, or in-kind benefits; and it is permissible to combine two or more of these benefits.
- Each member of the Board is entitled to an annual remuneration of SAR 300,000, and each member of a Board's sub-committee is entitled to an annual remuneration of SAR 100,000 in addition to the annual remuneration allocated for Board memberships. In all cases, these remunerations shall not exceed SAR 500,000 annually per member.
- In the Board's remuneration, indicators relating to performance should be taken into account when determining the remuneration such as relating the whole remuneration or part of it to these indicators that may be meeting attendance.
- Executive Board members and employees of the Company are not to be compensated for their service as members of the Board. However, Non-Executive Board members and non-employees are not to be included in any consultation arrangement prior to the approval of the Nomination and Remuneration Committee. In addition, it is not permissible for Audit Committee members, directly or indirectly, to obtain compensation on consultancy, accountancy, legal, investment, or financial services rendered to the Company. Furthermore, the Company shall not contribute to a charity that a member is affiliated with.

Relationship between compensation and policy

- Board members have been awarded an annual remuneration based on article (a) of the above-mentioned policy that amounted to SAR 300,000, and SAR 100,000 if they were members of any sub-committee of the Board.
- The remuneration was based on a performance indicator that was meeting attendance, as the meeting attendance amount differed based on the number of meetings they have attended in both the Board and its sub-committees.
- The remuneration of all Board members did not exceed the annual limit of SAR 500,000.
- The remuneration did not include any other service other than the memberships of the Board and sub-committees.

The table below shows the remunerations of the Board of Directors members during the year 2022:

Board members	Fixed Compensation								Varied Compensation					Total	End of service reward	Aggregate amount	Expenses allowance
	Annual remuneration	Specific amount	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	Remuneration of the Chairman, Managing Director or Secretary, if a member	In-kind benefits	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans				
First: Independent Board Members																	
Mohammed Al Sarhan	500,000							500000						70,782	70,782	570,782	
Raed Al Mudaiheem	406,849							406849						33,936	33,936	440,785	
Yousef Al Yousfi	400,000							400000						51,724	51,724	451,724	
Hasan Al Jabri	27,397							27397						0	0	27,397	
Fadi Majdalani	400,000							400000						58,312	58,312	458,312	
Khaled Al Hukail	27,397							27397						5,316	5,316	32,713	
Olivier Harnisch	372,603							372,603						39,028	39,028	411,631	
Abdulwahab Albetairi	465,754							465,754						3,800	3,800	469,554	
Dilip Nijhawan **	303,014							303,014						398,463	398,463	701,477	
Total	2,903,014	-	-	-	-	-	-	2,903,014	-	-	-	-	-	661,361	661,361	3,564,375	
Second : Non-Executive Directors																	
Sami Al- Hokair	400,000							400,000						28,973	28,973	428,973	
Fahad Moussa	372,603							372,603						14,368	14,368	386,971	
Jonathan Torriani	34,246							34,246						3,969	3,969	38,215	
Abdulkarim Essoulami	20,548							20,548						0	0	20,548	
Total	827,397							827,397						47,310	47,310	874,707	
Total	3,730,411	0	0	0	0	0	0	3,730,411						708,671	708,671	4,439,082	

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

** The company and Mr. Dilip have a contractual relationship through which he provides advisory and technical services to the company.

12. 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.

12-1. Audit Committee

The Audit Committee is composed of three non-executive members, one of which is an external party competent in financial and accounting affairs and is chaired by an independent Board member. 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 2022, 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.

12-1-1. Members of the Audit Committee

A) Members of the Audit Committee for Current Session

Raed Ibrahim Almudaiheem

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 42)

Abdulwahab Abdulkarim Albetairi

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 44)

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 note 11 on page 43)

Saleh Abdullah Al Fadhel

Member

Current position

- Chief Financial Officer, Savvy Gaming

Previous positions

- Group CFO, Saudi Arabian Airlines Co.
- CFO, Herfy Food Services Company
- VP - Senior Finance Manager, Al Rajhi Capital
- Senior Private Equity Manager
- CFA/CPA Part-time Instructor, Morgan International
- Investment Analyst / On Jon bespoke training, Goldman Sachs Asset Management
- Investment Analyst, Saudi Arabian Monetary Agency
- Selected Highlights Banking Examiner

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)

B) Members of the Audit Committee the Previous Session that Ended on 25/01/2022

Hasan Shakib Al Jabri

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 46)

Mohammed Ali Ikhwan

Member

Current position

- Board Member, and member of the Audit Committee, Red Sea International Co.

Previous positions

- Member of the audit committee, Almarai Company
- Associate Professor at King Abdul Aziz University in Jeddah
- Assistant Professor and then Associate Professor, Faculty of Engineering, King Abdulaziz University, Jeddah (Department of Industrial Engineering)
- General Director of Savola Packaging Systems
- Development Manager for Edible Oils, Savola Company
- Chief Financial Officer of Savola Group
- Head of Savola Mergers and Acquisitions Department
- Senior adviser to the group in the areas of strategy and governance at Savola
- Senior Adviser to His Excellency the Minister of Labor

Academic qualifications

- Bachelor's degree in General and Systems Engineering
- Master's degree in Operations Research
- Master's and PhD degrees in Economic Systems Engineering from Stanford University, USA.

Professional experience

Dr. Ikhwan has joined King Abdul Aziz University in Jeddah, where he worked as an Associate Professor then Assistant Professor at Faculty of Engineering (Department of Industrial Engineering) where he worked as an assistant professor and then associate professor till 1997. From the period 1993 till 1995, he worked in Savola Group where he held several positions, most notably the General Manager of Savola Packaging Systems, the Director of Development in Savola Edible Oils, and the Financial Director of the Savola Group, then Head of the Mergers and Acquisitions Department, until 2009. Then he worked as a senior advisor to the group in the fields of strategy and governance until the year 2010, He was an audit committee member of Almarai Company and Senior Advisor to His Excellency the Minister of Labor from 2010 till 2015.

12-1-2. Audit Committee meetings

Name	Nature of Membership	Number of Meetings (6)						Total meetings
		06/01/2022	20/03/2022	11/05/2022	07/06/2022	07/08/2022	03/11/2022	
Raed Al-Mudaiheem*	Chairman	✓	✓	✓	✓	✓	✓	6
Abdulwahab Al Butairi*	Member	X	✓	✓	✓	✓	✓	5
Dilip Nijhawan **	Member	X	✓	X	X	X	X	1
Saleh Al Fadhel*	Member	X	✓	✓	✓	✓	✓	5
Hasan Al Jabri***	Ex-Chairman	✓	X	X	X	X	X	1
Mohamed Ikhwan ***	Member	✓	X	X	X	X	X	1

* Audi Committee members for the current session as of at 31/12/2022G

** Mr. Dilip resigned from the committee on 21/04/2022G

*** Audit Committee members for the session ended on 25/01/2022

12-1-3. Remuneration of Audit Committee members (SAR)

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Raed Al-Mudaiheem*	100,000	0	100,000
Abdulwahab Al Butairi*	93151	0	93151
Dilip Nijhawan **	23562	0	23562
Saleh Al Fadhel*	93151	0	93151
Hasan Al Jabri***	6849	0	6849
Mohamed Ikhwan ***	6849	0	6849
Total	323,562	0	323,562

* Audi Committee members for the current session as of at 31/12/2022G

** Mr. Dilip resigned from the committee on 21/04/2022G

*** Audit Committee members for the session ended on 25/01/2022

12-1-4. Audit Committee report for the year 2022

The Audit Committee confirms that the works performed during 2022 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 2022, 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.

12-2. 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.

A) Members of the Nomination and Remuneration Committee for the current session as of at 31/12/2022

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 note 11 on page 43)

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 note 11 on page 42)

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 note 11 on page 44)

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 note 11 on page 45)

B) Members of the Nomination and Remuneration Committee for the previous session ended on 25/01/2022

Jonathan Stent-Torriani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 47)

Khaled Mohammed Al Hukail

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 47)

12-2-2. Nomination and Remuneration Committee meetings

Name	Nature of Membership	Number of Meetings (4)				Total meetings
		09/01/2022	03/08/2022	31/08/2022	03/12/2022	
Yousef Al Yousfi*	Chairman	✓	✓	✓	✓	4
Mohammed Al Sarhan*	Member	✓	✓	✓	✓	4
Fadi Majdalani *	Member	X	✓	✓	✓	3
Olivier Harnisch *	Member	X	✓	✓	✓	3
Jonathan Torriani**	Member	✓	X	X	X	1
Khaled Al Hukail**	Member	✓	X	X	X	1

* NRC Committee members as of at 31/12/2022G

** NRC Committee members for the session ended on 25/01/2022

12-2-3. Remuneration of Nomination and Remuneration Committee members (SAR)

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Yousef Al Yousfi*	100,000	0	100,000
Mohammed Al Sarhan*	100,000	0	100,000
Fadi Majdalani *	93151	0	93151
Olivier Harnisch *	93151	0	93151
Jonathan Torriani**	6849	0	6849
Khaled Al Hukail**	6849	0	6849
Total	400,000	0	400,000

12-3. 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.

12-3-1. Members of the Executive Committee

A) Members of the Executive Committee for the current session as of at 31/12/2022

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 note 11 on page 42)

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 note 11 on page 43)

Abdulwahab Abdulkarim Albetairi

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 44)

Fahad Abdullah Mousa

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 44)

B) Members of the Executive Committee for the previous session ended on 25/01/2022

Raed Ibrahim Al Mudaiheem

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 42)

Jonathan Stent-Torriani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section note 11 on page 47)

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 note 11 on page 44)

12-3-2. Meetings of the Executive Committee

Name	Nature of Membership	Number of Meetings (7)							Total meetings
		28/04/2022	19/05/2022	08/06/2022	30/06/2022	24/08/2022	03/11/2022	30/11/2022	
Mohammed Al Sarhan*	Chairman	✓	✓	✓	✓	✓	✓	✓	7
Sami Al Hokair*	Member	x	✓	✓	✓	✓	✓	✓	6
Fahad Moussa*	Member	✓	✓	✓	x	✓	✓	✓	6
Abdulwahab Al Butairi*	Member	✓	✓	✓	✓	✓	✓	✓	7
Jonathan Torriani**	Member	x	x	x	x	x	x	x	0
Raed Al Mudaiheem**	Member	x	x	x	x	x	x	x	0
Fadi Majdalani**	Member	x	x	x	x	x	x	x	0

* Executive Committee members for the current session as of at 31/12/2022G

** Executive Committee members for the session ended on 25/01/2022

12-3-3. Remuneration of Executive Committee members (SAR)

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Mohammed Al Sarhan*	100,000	0	100,000
Sami Al Hokair*	100,000	0	100,000
Fahad Moussa*	93151	0	93151
Abdulwahab Al Butairi*	93151	0	93151
Jonathan Torriani**	6849	0	6849
Raed Al Mudaiheem**	6849	0	6849
Fadi Majdalani**	6849	0	6849
Total	406,849	0	406,849

13. Executive Management

13-1. Company's Executive Management members

Wajdy Al-Ghabban

Current position

- Chief Executive Officer, Saudi Airlines Catering
- Managing Director of SACC for Catering Services Co.
- Board member at Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

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

30 years of work experience at Saudi Airlines Catering Co., in which he held various positions within the company. Wajdy displays expertise in the fields of airline & 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.

Sultan Al-Booq

Current positions

- Executive Vice President Corporate Services & General Counsel at Saudi Airlines Catering Company (Resigned on 09/04/2022)
- General Counsel at the Royal Commission for AIUla

Previous positions

- General Counsel at Ma'aden Gold
- Attorney at Microsoft as a secondment under the Law Firm of Mohammed Aldhabaan & Partners (Eversheds)
- Legal Counsel at United Legal Group Law Firm

Academic qualifications

- LL.M (Masters' Degree) Comparative Legal Studies (Elisabeth Haub School of Law) New York
- BSc in Law (King Abdulaziz University), Jeddah

Professional experience

Procurement and corporate supply chains; local and international litigation; legal and corporate negotiation; outsourcing of legal cases to internationally renowned legal professional; contract and MoU drafting; government advocacy; intellectual property; handling of liaison between Company functions and divisions for discussion with the Board of Directors; corporate market and government regulations; corporate policy and procedure, Al Booq left Saudi Airlines Catering Company on 09/04/2022 and join the Royal Commission for AIUla holding a position as General Counsel.

Hesham Masoud

Current Position

- Chief Financial Officer of Saudi Airlines Catering, 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 & Africa of CWT, based out of London & 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

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Academic qualifications

- Bachelor of Accounting and Financial Management from Cairo, Egypt

Professional experience

Hesham 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 M&A, divestment and Financial transformation.

Tarek Tharwat

Current positions

- 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 & 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 & both operational and financial audit. Worked as external auditors in Deloitte & 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 Saudi Airlines Catering Company.

Salah M. Al Umar

Current positions

- EVP In-Flight Catering

Previous positions

- VP, IFC Western and Southern Regions (Jeddah, Madinah and Cairo Unit) SACC
- General Manager, Jeddah and Cairo Unit, SACC
- Regional Manager, Cairo Unit, SACC
- Unit Operations Manager, Riyadh Unit, SACC
- Ramp Manager, Unit Operations, Riyadh Unit, SACC
- Section Manager, Unit Operations, Riyadh Unit, SACC
- Assistant Manager, Unit Operations, Riyadh Unit, SACC
- Assistant Manager – Equipment Control, Unit Operations, Riyadh Unit, SACC
- Duty manager, Riyadh Unit, SACC

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 Saudi Airlines Catering, 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.

Julien Pescheux

Current positions

- EVP Catering & Facilities (Resigned on 01/10/2022)

Previous positions:

- Consultant- JUBEZONA
- Managing Director & CEO - G4S
- Country Director - SODEXO

Academic qualifications

- MIT Sloan School of Management (USA), ACE Diploma in Management, Innovation and Technology
- GIHE (Switzerland), Bsc International Hospitality Management
- Dynamic Work Design (USA), MIT Sloan School of Management
- Business Analytics Cambridge UK Judge School of Management

Professional experience

Executed successful Service Diversification growth model for Sodexo Indonesia from a food-only business model to integrated FM leading to 100% growth in less than 2 years, Consultant to Health Holding Corp (Saudi Arabia), Min of Health Organizational structuring, 13 years of structuring and motivating large teams requiring clear and focused outcome-driven goals in line with corporate strategy and values, 6 years of hands-on ground operation and commercial experience

Obaidah Al Saggar

Current positions

- VP Procurement and Strategic Sourcing

Previous positions

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

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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 & demand planning, Sales & operation planning. experienced in the industries of FMCG, Retail Business, Wholesale, Catering & 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 positions

- VP, Health, Security & Standards Control

Previous positions

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

Academic qualifications

- University of Reading
- 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 Saudi Airlines Catering Company (SACC). 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 SACC, 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 (GFRSS).

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 microplastics in drinking water in Saudi Arabia" Journal of Environmental Monitoring and Assessment earlier this year.

Thomas Patrick Byrne

Current positions

- EVP Retail

Previous positions

- General Manager / Board Member Aer Rianta International (New Zealand, Oman)
- General Manager Dufry Serbia

Academic qualifications

- MBA International Retailing (Stirling University Scotland)

Professional experience

With more than 20 years of progressively responsible international experience managing successful travel retail businesses in Asia-Pacific, the Middle East but and Eastern Europe. A driven strategic thinker with great customer focus and successful team leading abilities who offers:

- Expertise in General Management/Project Management
- Strategic planning, business expansion, organizing and coordinating talents
- Commercial acumen and entrepreneurial prowess – financially astute
- Outstanding Change Management and Category Management skills
- Strong man-management and team leadership capabilities
- The ability to communicate effectively at all levels
- Public Relations and Customer Service excellence
- Sound retail market and product knowledge

Talal Al Toaimi

Current positions

- 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 Saudi Airlines Catering Company in 1989, then moved from the company to occupy various positions as supervisor of royal and VVIPs flights, and returned to join Saudi Airlines Catering 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.

Khalid Al-Redian

Current positions

- VP, Central and Eastern Regions

Previous positions

- General Manger central production Unit
- Unit operation Manger
- Section Manager
- Assistant operation manager
- Section Head Royal & 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 Saudi Airlines Catering Company, the beginning of his work was a services representative in the Operations Department until he assumed the position of VP, Central & 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.

13-2. Remuneration of Senior Executives (Top 5 including CEO and CFO)

Item	Fixed Compensation				Varied Compensation					End of service reward	Remuneration for Board Memberships	Total	
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted Shares (value)				
Total	5,064,994	2,120,295	0	7,185,289	786,063	0	0	3,860,157	0	4,646,220	1,356,616	0	13,188,125

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.

13-3. Description of the interests of the members of the Executive Management members and their relatives

Description of the interests of the members of the Executive Management members and their relatives in the shares in the Company

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

Description of interests, contractual based securities, and subscription entitlements of Executive Management members and their relatives on debt instruments of the company

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

Description of the interests of the members of the Executive Management members and their relatives in the shares of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops)

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban*	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud*	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

* Mr. Wajdy Al-Ghabban and Mr. Mahmoud Masoud are members of the Board of Directors of Saudi French Company for Operating and Managing Duty Free Shops, without any remuneration, bonus or other incentives.

Description of the interests of the members of the Executive Management members and their relatives in the shares of the affiliate company (SACC for Catering Service Co.)

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud*	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

Description of interests, contractual based securities, and subscription entitlements of the Executive Management members and their relatives on debt instruments of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops)

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban*	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud**	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

* Mr. Wajdy Al-Ghabban and Mr. Mahmoud Masoud are members of the Board of Directors of Saudi French Company for Operating and Managing Duty Free Shops, without any remuneration, bonus or other incentives.

Description of the interests, contractual based securities, and subscription entitlements of Executive Management members and their relatives on debt instruments of the affiliate company (SACC for Catering Services Co.)

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Mahmoud Masoud	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-
Julien Pescheux	-	-	-	-	-	-	-
Thomas Patrick Byrne	-	-	-	-	-	-	-
Rashed Alarfaj	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-

13-4. 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.

13-5. 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.

14. 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, and luggage services.

All contracts signed with related parties were approved during the meeting of the Company’s General Assembly authorized for 2022. These related parties include Saudi Arabian Airlines Establishment, Saudi Airlines Cargo, Saudi Airlines Ground Services, Saudi Airlines Real Estate Development Company, Flyadeal, Saudi Private Aviation, Saudia Aerospace Engineering Industries, Prince Sultan Aviation Academy and Saudi French Company for Operating and Managing Duty Free Markets. Note that the agreement has been suspended since its renewal date due to the situation resulting from the global pandemic with the spread of COVID-19.

14-1. 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 SACC 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 Madinah Monawara	This contract took effect on February 22nd, 2017 and end on February 22nd, 2023	Provisional based on orders
		Catering and hospitality services for Al Forsan Lounges 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 Madinah Monawara	This contract took effect on 01/01/2021 and end on 31/12/2022	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 & Reservation office, Al Murooj	This contract took effect on October 17th, 2013	Provisional based on orders
		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

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Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Arabian Airlines Establishment continued		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 Madinah Al Monawarah	The contract entered into force 16/04/2017 and ends on 15/04/2023	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 lounge in King Fahd International Airport in Dammam	The contract entered into force 09/04/2014	Provisional based on orders
Saudi Ground Services SGS	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	Catering services in Jeddah, Riyadh, Dammam and Madinah Al Monawarah	This contract took effect on 01/11/2020 and ends on 31/10/2022	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 Madinah Al Monawarah	This contract took effect on 01/05/2021 and ends on 30/04/2024	Provisional based on orders
		Welcome Lounge Access Agreement with Saudi Ground Service Company (SGS)	This contract took effect on 01/ 12/2017 and expires on 30/11/2023	Provisional based on orders
Saudi Airlines Cargo	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	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
		Cargo services	This contract took effect on December 8th, 2014 and ends on December 31st, 2022	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

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Airlines Real Estate & Development Company SARED	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC 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
Flyadeal	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	Inflight Catering services and Skysales Services	This contract took effect on 01/03/2021 and ends on 28/02/2023	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
Saudi Private Aviation	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	Inflight Catering services for delayed flights	This contract took effect on 01/01/2010	Provisional based on orders
Saudia Aerospace Engineering Industries	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	Catering services	Based on purchase order	Provisional based on orders
Prince Sultan Aviation Academy	A subsidiary of Saudi Arabian Airlines Establishment and due to the membership of SACC Board Director Mr. Fahad Moussa	Catering services	Based on purchase order	Provisional based on orders
Al-Salam Aviation Industry Company	Saudi Arabian Airlines Establishment owns shares in Al-Salam Aviation Industry Company and due to the membership of SACC 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 French Company for Operating and Managing Duty Free Shops	An affiliate company, which Saudi Airlines Catering company owns 40% of the company's capital and also according to membership of Mr. Wajdy Al Ghabban Chief Executive Officer of Saudi Airlines Catering Company and Mr. Abdelwahab Saati Chief Operating Officer Retail	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
Dilip Nijhawan	SACC Board Director	Consultancy service agreement	This contract took effect on March 13th, 2022 and ends on March 12st, 2023	USD 150.000

14-2. Income and expenses in SAR from related parties during 2022

Related party	Income	Expenses
Saudi Arabian Airlines Corporation	1,421,650,955	2,205,582
Saudi Ground Services Company	42,110,474	1,584,803
Saudi Airlines Cargo Company	7,195,586	3,064,880
Saudi French Company for Duty Free Operations and Management	5,823,453	0
Saudi Airlines Real Estate Development Company	145,220	3,043,220
Flyadeal Airlines Company	8,944,162	0
Al Salam Aircraft Company	457,889	0
Saudi Private Aviation	28,683,506	0
Saudia Aerospace Engineering Industries	2,446,613	0
Prince Sultan Aviation Academy	63,854	0
Dilip Nijhawan	0	281,250

14-3. Accounts payable and receivable in SAR from related parties during 2022

Related party	Receivables	Payables
Saudi Arabian Airlines Corporation	430,488,596	0
Saudi Ground Services Company	47,269,751	0
Saudi French Company for Duty Free Operations and Management	4,043,890	0
Saudi Airlines Cargo Company	2,132,060	392,492
Flyadeal Airlines Company	3,028,242	0
Al Salam Aircraft Company	1,262,454	0
Saudi Airlines Real Estate Development Company	145,218	8,444,349
Saudi Private Aviation	12,670,913	0
Saudia Aerospace Engineering Industries	9,978,135	0
Prince Sultan Aviation Academy	113,754	0
Dilip Nijhawan	0	0

15. Business and Contracts that the Company is a Party in, or has an Interest in one of the Board Members, Executives or any Related Person

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	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
Catering and hospitality services 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 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	

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 agreement 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	Mr. Fahad Moussa
Catering services 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 Hospitality services for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinah Monawara	Provisional based on orders	This contract took effect on February 22nd, 2017 and end on February 22nd, 2023	No preferential conditions compared to local market	
Catering and hospitality services for Al Forsan Lounges 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 Madinah Monawara	Provisional based on orders	This contract took effect on 01/01/2021 and end on 31/12/2022	No preferential conditions compared to local market	
Catering Service to Saudia Reservations Diplomatic Quarter	Provisional based on orders	This contract took effect on April 7th, 2016	No preferential conditions compared to local market	
Catering Service Agreement to Saudia 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 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 Madinah Al Monawarah	Provisional based on orders	The contract entered into force 16/04/2017 and ends on 15/04/2023	No preferential conditions compared to local market	
IT Service Level agreement with Saudia	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	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	

Corporate Governance Report

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
Design, constructing and operating Alfursan International lounge at the New King Abdulaziz International Airport in Jeddah	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	Mr. Fahad Moussa
MOU with Saudi, 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	
Catering services Saudi Ground Services Company in Jeddah, Riyadh, Dammam and Madinah 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	
Transport services agreement with SGS in King Fahd 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 Company SGS in, Jeddah, Riyadh, Dammam and Madinah 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	
Welcome Lounge Access Agreement with Saudi Ground Service Company (SGS)	Provisional based on orders	This contract took effect on 01/12/2017 and expires on 30/11/2023	No preferential conditions compared to local market	
Accommodation services agreement with Saudi Ground Services Company SGS in King Fahd 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, 2022	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 & 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	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
Inflight Catering services and Skysales Services to Flyadeal Co,	Provisional based on orders	This contract took effect on 01/03/2021 and ends on 28/02/2023	No preferential conditions compared to local market	Mr. Fahad Moussa
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 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	
Inflight Catering 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	
Consultancy service agreement	USD 150.000	This contract took effect on March 13th, 2022 and ends on March 12th, 2023	No preferential conditions compared to local market	Mr. Dilip Nijhawan

16. Summary of Payments Made to the Government During 2022

Declaration	Amount paid	Amount due	Summary	Reasons
GOSI	31,477,487	2,940,348	Paid amounts are for the Period Dec2021-Nov2022 and Dec2022 paid in Jan2023	Paid amounts are for the Period Dec2021-Nov2022 and Dec2022 paid in Jan2023
Customs	8,484,882	8,484,882	All Actual Payments to Customs in FY2022	All Actual Payments to Customs in FY2022
Visas/Passports/Labor Office Fees	31,225,151	31,225,151	All Actual Payments to Ministry of Labor & Ministry of Interior	All Actual Payments to Ministry of Labor & Ministry of Interior
Zakat	20,015,464	28,777,772	Fiscal year 2022 provisions	Payable in April 2023

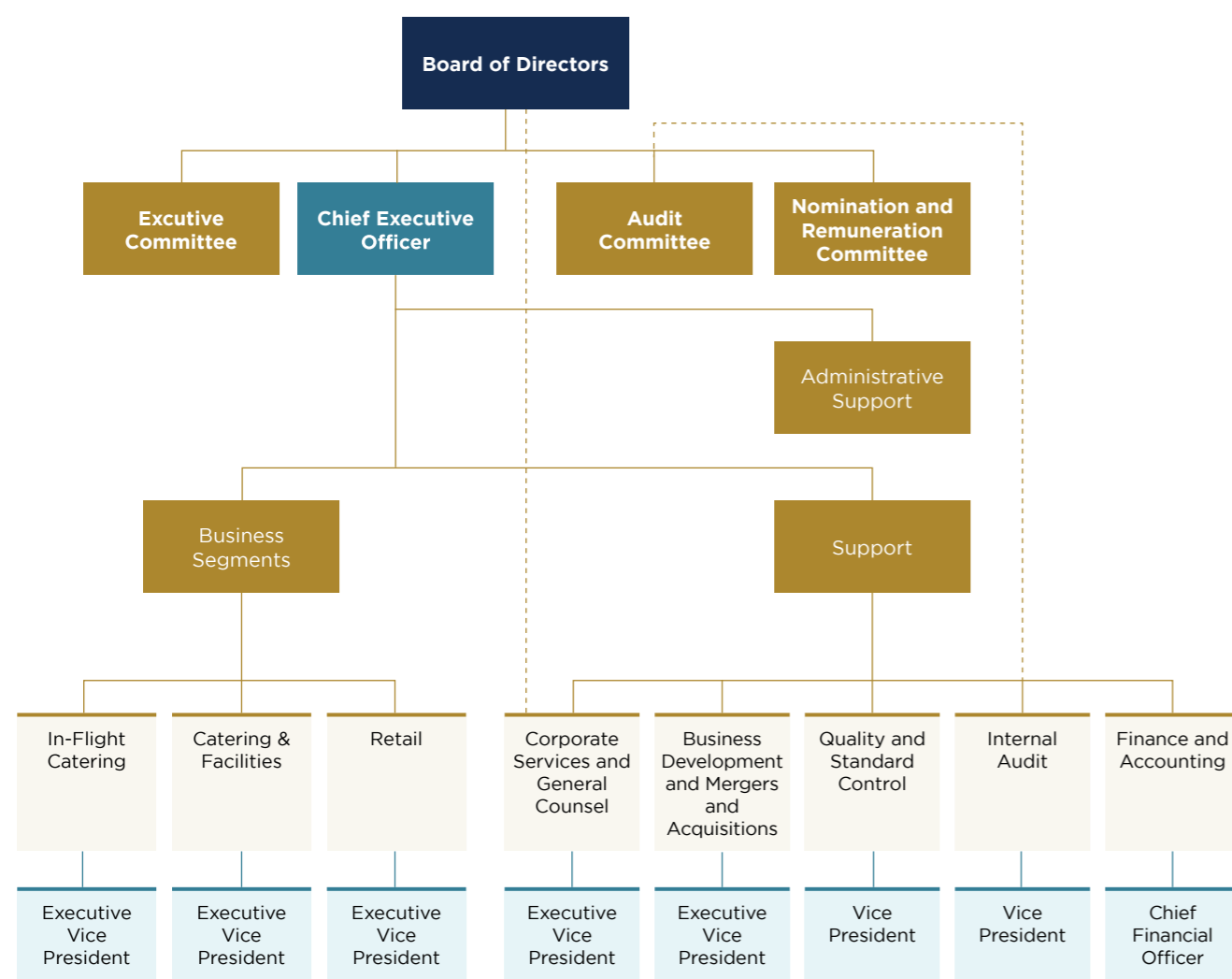
17. Due Payments 2022 (SAR)

Year	2018	2019	2020	2021	2022
Employee payments	40,203,728	30,736,110	31,759,710	37,721,263	38,226,625
Expenses and other liabilities	175,064,403	139,895,360	100,996,280	163,562,197	232,626,155
Restructuring allowance	0	0	0	0	0
Zakat and income tax	30,310,014	34,182,178	11,518,715	12,948,211	21,650,574
Total	245,578,145	204,813,648	144,274,705	214,231,671	322,503,354

18. 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 caliber, whose tasks shall be distributed according to the following Organizational structure:



19. 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 Saudi Airlines Catering Company.

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 SACC'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 SACC'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.

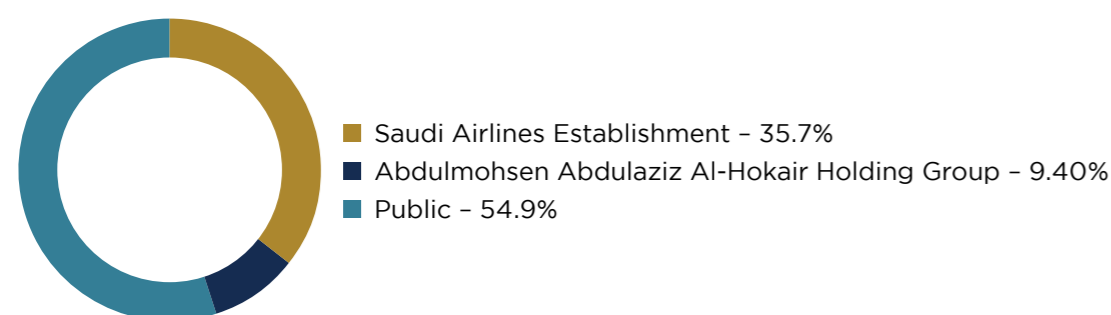
On an annual basis, the VP - Chief Audit Executive submits to the Board and Audit Committee the internal audit plan for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management and the 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 2022, the VP - Chief Audit Executive confirmed to the Audit Committee that SACC 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 2022.

20. Shareholders' Capital Shares Ratio

Shareholder	The capital as in 01/01/2022	Number of Shares	Percentage	The capital as in 31/12/2020	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	77,112,560	7,711,256	9.40	00.00
The public	450147440	45014744	54.31	450147440	45014744	54.9	00.00
Total	820,000,000	82,000,000	100	820,000,000	82,000,000	100	00.00

21. Structure of Distribution of Capital and Shares on Shareholders as of 31 December 2022



22. Dividend Policy

22-1. Dividend Policy

- The Board of Directors with a delegation of authority from the General Assembly may recommend the distribution of any periodic and annual dividends prior to the approval of shareholders in the General Assembly meeting.
- Each shareholder shall be entitled to his share in the profits in accordance with the General Assembly resolution issued in this regard. The resolution shall indicate the date of maturity and the date of distribution and shareholders registered in the shareholders' registers at the end of the set maturity date shall be entitled.
- Dividends are distributed based on the following:
 - 10% of the net profit is to be allocated to the statutory reserve of the Company, and that allocation may be stopped based on the Ordinary General Assembly's approval if the reserve is more than or equal to 30% of the paid-up capital.
 - The Ordinary General Assembly, based on the Board's recommendation may allocate a percentage of the net profit to establish a consensual reserve for specific reasons that are determined in the establishment of that reserve's resolution by the General Assembly.
 - The Ordinary General Assembly may establish other reserves to the extent that would accomplish the Company's benefit or ensure the distribution of dividends as stable as possible. That mentioned General Assembly may allocate amounts of the net profit to establish social establishments for the benefit of employees or to assist such existing establishments.
 - Dividends are then distributed to shareholders with a minimum amount that is equal to 5% of the paid-up capital.
 - The Ordinary General Assembly may use reserved earnings and other distributable consensual reserves to pay the remaining amount of the share or part of, if that would not affect the equality between shareholders.

The Board of Directors intends to adopt a policy for dividend distribution that provides for the distribution of about 60-80 percent of the Company's net annual profits taking into account the Company's objectives, the commercial, legal and organizational considerations in addition to the Company's financial position and level of income at present.

The company has distributed cash dividends to its shareholders during the year 2022. As follow:

Summary	Reasons
Total Amount of Dividend Distributed	SAR 41,000,000
Number of Shares Eligible for Dividends	82,000,000 shares
Dividend per share	SAR 0.5
Percentage of Dividend to the Share Par Value (%)	5%
Eligibility date	The eligibility of dividends shall be for the shareholders whose owns shares on maturity on Sunday, 02nd April 2023G and registered with the Securities Depository Center Company (Depository Center) at the end of the second trading day.
Distribution Date	30/04/2023G

23. General Assembly

23-1. General Assembly meetings

Saudi Airlines Catering Company held three successful meetings of the General Assembly during the year 2022, coinciding with the election of the members of the Board of Directors and the Audit Committee for the new session, as well as the annual meeting of the Assembly. 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) Extra Ordinary General Assembly meeting (first meeting) held on Sunday 06/06/1443H corresponding to 09/01/2022G

- Approval on the election of the new Board Directors members for the new term for a period of three Gregorian years commencing on 26/01/2022 and ending on 25/01/2025, the elected members for the new term are:
 - Abdulwahab Abdulkarim Albetairi
 - Dilip Nijhawan
 - Fadi Majdalani
 - Fahad Abdullah Moussa
 - Mohammed A. Al Sarhan
 - Olivier Harnisch
 - Raed Ibraheem Al Mudaiheem
 - Sami Abdulmohsen Al Hokair
 - Yousef Al Yousefi
- Disapproval on the amendment of article Four of the Company's Bylaws that relate to the Company's activities.
- Disapproval on the amendment of article Twenty-Three of the Company's Bylaws that relate to the Authority of the Chairman of the Board of Directors, Vice-Chairman Managing Director.

2) Ordinary General Assembly meeting (First Meeting) held on Sunday 12/07/1443H corresponding to 13/02/2022

Approval on the composition of the Audit Committee and determining its responsibilities, framework, and the remunerations for the new session starting from 26th January 2022 until 25th January 2025, by appointing the following members:

- Eng. Raed Ibraheem Al Mudaiheem (Independent member of the Board Directors)
- Mr. Dilip Nijhawan (Independent member of the Board Directors)
- Mr. Saleh Abdulrahman Al Fadhel (External member)
- Mr. Abdulwahab Abdulkarim Albetairi (Independent member of the Board Directors)

3) Extra Ordinary General Assembly meeting (first meeting) held on Wednesday 10/10/1443H corresponding to 11/05/2022

1. Approval on the Board of Directors' report for the fiscal year ending on 31st December 2021.
2. Approval on the financial statements for the fiscal year ending on 31st December 2021.
3. Approval on the auditor/s report on the Company's accounts for the fiscal year ending on 31st December 2021.
4. Approval on appointing of Ernest & 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 2022 year end, and the first quarter of 2023 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 31/12/2021.
6. Approval on delegating the Board of Directors to distribute interim dividends on a biannual/quarterly basis for the fiscal year 2022G.
7. Approval on paying an amount of (SAR 3,800,000) as remuneration to the Board members for the fiscal year ending on 31/12/2021G.
8. Approval on the transactions and contracts concluded with Newrest Holding Group, within which SACC's Board of Directors member Mr. Jonathan Stent-Torriani holds direct interest as he is the Co-CEO of Newrest Holding Group, the nature of those transactions evolve around the performance of consultancy and administrative services by Newrest Holding Group, with a total amount of SAR 182,504 for the year 2021, without any preferential conditions compared to the local market.
9. Approval on the transactions and contracts concluded with Newrest Holding Group, within which SACC's Board of Directors member Mr. Abdulkarim Al Soulami holds indirect interest due to his ownership in Newrest Company (Morocco), the nature of those transactions evolve around the performance of consultancy and administrative services by Newrest Holding Group, with a total amount of SAR 182,504 for the year 2021, without any preferential conditions compared to the local market.
10. Approval on the transactions and contracts concluded with Al-Hokair Holding Group, within which SACC's Board of Directors member Mr. Sami Al Hokair holds direct interest in, as he is holding the position of Managing Director, and Board of Directors member in Al-Hokair Holding Group, the nature of those transactions evolve around the performance of several lease agreements of retail stores, with total amount of (SAR 56,376) for the year 2021, without any preferential conditions compared to the local market.
11. Approval on the amendment of article Four of the Company's Bylaws that relate to the Company's activities.
12. Approval on the amendment of article Twenty-Three of the Company's Bylaws that relate to the Chairman of the Board of Directors, Vice-Chairman Managing Director and Board Secretary.

23-2. 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
			09/01/2022	13/02/2022	11/05/2022	
Mohammed Al Sarhan*	Chairman of the Board Directors, Member of the Nomination and Remuneration Committee, Chairman of the Executive Committee	Independent	✓	✓	✓	3
Raed Al Mudaiheem*	Vice Chairman of Board of Directors, Chairman of the Audit Committee	Independent	✓	✓	✓	3
Yousef Al Yousefi*	Member of Board of Directors, Chairman of the Nomination and Remuneration Committee	Independent	✓	x	✓	2
Sami Al-Hokair*	Member of the Board of Directors, Member of the Executive Committee	Non-Executive	✓	x	x	1
Fahad Moussa*	Member of the Board of Directors, Member of the Executive Committee	Non-Executive	x	✓	✓	2
Abdulwahab Al Butairi*	Member of the Board of Directors, Member of the Executive and Audit Committee	Independent	x	x	✓	1
Fadi Majdalani *	Member of Board of Directors, Nomination and Remuneration Committee member	Independent	✓	✓	x	2
Dilip Nijhawan*	Member of the Board of Directors	Non-Executive	x	✓	x	1
Olivier Harnisch *	Member of Board of Directors, Nomination and Remuneration Committee member	Independent	x	✓	✓	2
Hasan Al Jabri**	Member of Board of Directors, Chairman of the Audit Committee	Independent	x	x	x	0
Jonathan Torriani**	Member of Board of Directors, the Executive Committee, and the Nomination and Remuneration Committee	Non-Executive	x	x	x	0
Khaled Al Hukail**	Member of Board of Directors and Remuneration Committee	Independent	✓	x	x	1
Abdulkarim Essolami**	Member of Board of Directors	Non-Executive	x	x	x	0
Wajdy Al Ghabban	Chief Executive Officer and member of the Executive Committee	Executive	✓	✓	✓	3
Muhammed Al Harbi	Executive Vice President of Corporate Services and General Counsel	Executive	✓	✓	✓	3

* Board Director members as of at 31/12/2022G

** Board Director members for the session ended on 25/01/2022

24. 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.

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:

Fifth chapter:

Article 70:

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 71:

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 organizational 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; and
- reviewing any issues raised by the audit committee that may affect the Company's risk management.

Article 72: 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 87:

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 88:

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; and
- establishing awareness programs to the community to familiarize them with the Company's social responsibility.

Reason:

This is an optional article.

Article 93:

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.

Reasons:

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 95:

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.

Reasons:

This is an optional article.

25. Role of Shareholders

SACC'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).

26. Investor Relations

At SACC Investor Relations, we strive to be a world-class investor relations team. Our commitment as a key resource to the financial community and SACC 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.

27. Requests to Obtain Shareholder Records

Number	Request date	Request reasons
1	31/08/2022	Company's affairs
2	12/06/2022	Company's affairs
3	11/05/2022	General assembly meeting
4	17/04/2022	Company's affairs
5	13/02/2022	General assembly meeting
6	09/01/222	General assembly meeting

28. Communication with Shareholders

SACC 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 SACC website, www.saudiacatering.com. SACC 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.

29. Initiatives to Improve Transparency or Communications with Investors

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, Saudi Airlines Catering Company 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.saudiacatering.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@Saudiacatering.com).

30. 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).

31. Risk Management

SACC is committed to proactively identifying and mitigating risks by planning, monitoring, and controlling activities across our segments, divisions, and operations, in order to minimize factors that may potentially limit our ability to achieve our strategic objectives.

SACC has defined its risk management framework according to Committee of Sponsoring Organizations (COSO) and Organization for Standardization (ISO) 31000 principles, which define industry best practice. SACC's Board of Directors and Executive Management observe these principles when setting strategies and making decisions. The management team then plans, organizes, and directs the implementation of sufficient actions to reasonably ensure that SACC's objectives as set out in the framework can be achieved, while ensuring that associated risks are kept within acceptable levels.

Our Journey Toward Enterprise Risk Management

Risk management is the integration of corporate culture, capabilities, and practices at all levels of an organization, as well as strategy-setting and effective execution, in order to manage risks related to creating, preserving and realizing value.

SACC's Board of Directors is ultimately responsible for risk management in the company by setting the appropriate corporate culture and tone at the top through a comprehensive risk management program. This is an essential element of sound corporate governance, and we are committed to continuously embedding risk management in our organizational culture. SACC's Business Continuity & Risk Management department has an oversight role, while SACC's Executive Management is responsible for risk ownership and the necessary infrastructure.

The purpose of risk management is to ensure that SACC can effectively execute its strategies and achieve its targets by identifying the risks that could prevent SACC from reaching its goals, and to determine an acceptable level for those risks. Identified risks need to be avoided, mitigated, transferred, or monitored.

SACC's management processes use a set of reactive, proactive, protective, and preventive tools to protect it against threats, and to turn some of the risks into opportunities.

Risks are identified and understood in advance. Risk treatment and mitigation plans are established, and continuous follow-up is put in place for related controls. Consequently, risk management is an essential part of SACC's strategic and operational management.

SACC's strategic approach to risk management is designed to:

- Enhance the SACC management team's ability to anticipate, adapt, and respond to changes.
- Provide SACC's Board and management team with the risk information they need to make more informed decisions.
- Clearly define risk roles and responsibilities.
- Provide a platform for leveraging risk information in strategic planning and key processes.
- Improve SACC's reputation and public confidence.
- Achieve 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 a broad range of risks that could negatively impact the achievement of SACC's objectives.
- Ensure that appropriate risks are taken within SACC's stated risk appetite.

Risk Management Policy

The company's Risk Management Policy is an integral part of its internal controls and governance. It clarifies SACC's definition of risk, describes the purpose of risk management, explains SACC's mechanism for managing risks, documents the roles and responsibilities of the main stakeholders, describes the role of the risk management procedures in the internal control system as a whole, determines the main reporting procedures, and explains the methods the Board should adopt to evaluate internal control procedures.

Risk can be defined as anything that may hinder SACC or prevent it from achieving its goals. The policy's purpose is to determine risks that may face the company. This enables SACC to adopt procedures to avoid and mitigate the potential impacts of risk on the company's results, and to achieve its goals and strategy.

Role of the Board of Directors

The Board has the responsibility to oversee risk management practice in the company as a whole. Its role is mainly as follows:

- To determine the main risks that SACC may face.
- To determine the procedures necessary to avoid those risks or mitigate their effects.
- The Board can delegate risk-related decisions to any of the company's divisions. For example, it delegates financial risks to the Finance department and legal risks to the Legal department. However, that delegation does not relieve the Board from its ultimate responsibility as risk owner.
- The Board has other roles, as detailed in the company's Corporate Governance Manual.

Role of the Audit Committee

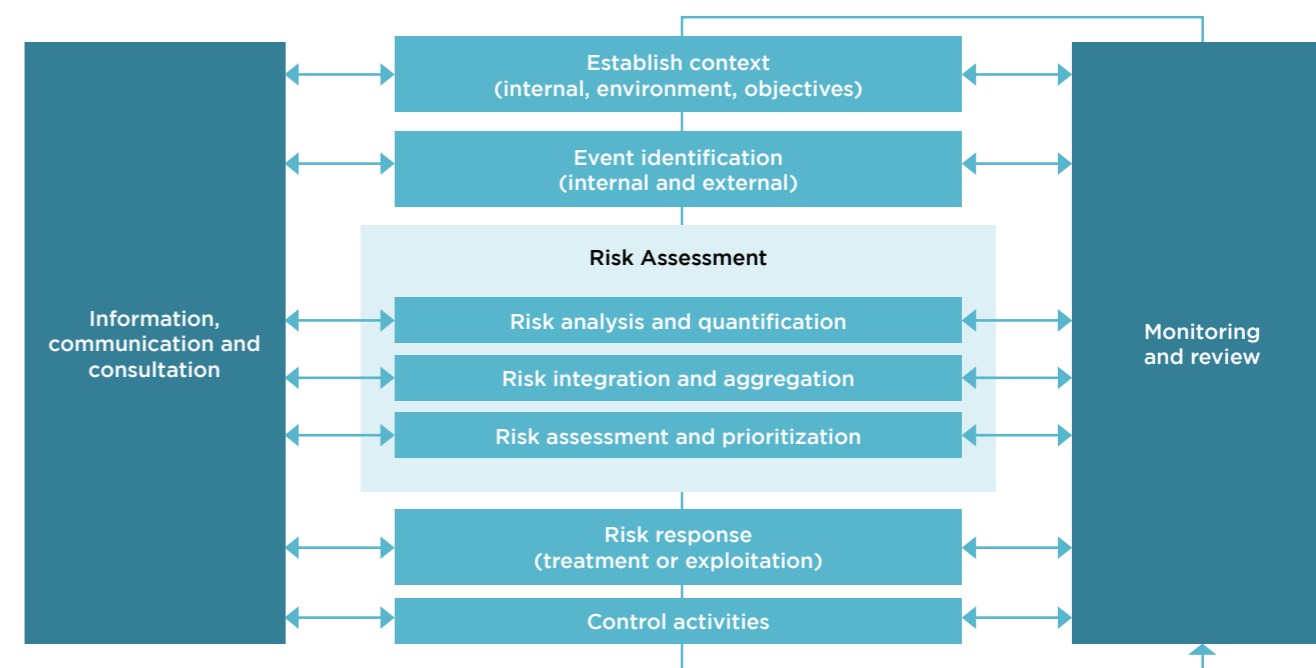
The Audit Committee analyzes and reviews the company's risk management systems.

Role of the Executive Management

The management team implements the Risk Management and Internal Control Policies approved by the Board. It ensures that minor risks are under control and managed efficiently, and provides sufficient information, within the appropriate timeframe, to the Board and Audit Committee regarding the status of the risk and the level of control over it.

Executive managers provide data and updates to the Board relating to risks and their management that have been determined by the Board. It provides data and updates regarding risks facing the company that have not been determined previously.

Risk Management Process



Risk Management Committee

SACC has developed a Risk Management Committee (RMC) protocol, which can be activated if an abnormal or unstable event threatens the company's strategic objectives, reputation, or ongoing viability. The approach to these types of incidents is based on industry standards and best practice.

The RMC meets on a quarterly basis to discuss and review the existing risk environment and related control measures, and to ensure the organization's preparedness for better decision-making in the face of any potential risks.

Risk Management Committee Members

- CEO (Committee Chairman)
- VP - Health, Security, & Standards Control (Committee Co-Chair)
- EVP - Chief Financial Officer
- EVP - In-Flight Catering
- EVP - Retail
- EVP - Catering & Facilities
- VP - Chief Audit Executive
- VP - Procurement
- VP - Human Resources
- RMC Executive Secretary

Risk Framework

SACC's Enterprise Risk Management (ERM) framework is based on ISO 31000 and the new COSO principles, in addition to the Control Objectives for Information and Related Technologies (COBIT) framework for IT and cybersecurity-related risks.

Good practice in risk management indicates that SACC should specify its appetite for risk at a granular level related to the nature of activities in the organization.

Risk Assessment

Risk assessment criteria have been developed based on the company's three main industry segments: In-Flight Catering, Retail, and Catering & Facilities. To assess the severity of risk, a risk matrix was created by defining different levels of impact and likelihood of risks.

Risk Appetite

Risk appetite is the extent of risk SACC is ready to accept in order to achieve its objectives. It differs according to each strategic objective and risk category.

SACC's risk limits are set out in the risk appetite statements shown on page 39.

The company is committed to executing all strategic initiatives to achieve its corporate vision and mission. SACC's approach is to minimize its exposure to risks relating to its regulatory and compliance responsibilities, operational risks, and people, while accepting and encouraging an increased degree of risk in pursuit of its vision and strategic objectives.









In addition, it is fully committed to the protection of its assets and a high retention rate of its employees by satisfying their needs in order to maintain business continuity. It does not tolerate risks to ethics or quality.

SACC 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

The company's risk universe comprises the specific risk environment in which SACC operates, including key sources of risk to which SACC may be exposed. The minimum scope of application for SACC's risk management processes covers eight principal risk categories: strategic, reputational, operational, IT and cybersecurity, people, regulatory, governance, and financial. SACC continuously reviews and updates its risk universe, in order to provide an accurate representation of its strategic and operating environments.

SACC anchors each identified risk in the relevant risk category to enable decision-makers to contextualize and understand the interrelationships between SACC's activities and associated risks. In order to be managed, risks need to be identified and understood in advance. Risk treatment and mitigation plans must be established, and continuous follow-up must be put in place for related controls. Consequently, risk management is an essential part of SACC's strategic and operational management.

Risk category	Risk appetite	Risk appetite statements
 Strategic risks	Low tolerance	Risks associated with SACC's strategy, as well as those linked to its strategy value, priorities, and implementation. Strategic risks are linked to decisions at the enterprise level, and the application of those decisions and resources devoted to the implementation of strategies. It also includes responding to changes in the internal and external environment. Sound strategic risk management is critical to ensure its sustainability within the service, and its ability to continue working independently and effectively. Accordingly, SACC intends to align itself fully with all strategic initiatives related to its vision and mission.
 Reputational risks	Low tolerance	Risks associated with SACC's reputation being negatively impacted, thereby hindering the accomplishment of strategic tasks and objectives. Reputational risk is inherent in all SACC's activities, and includes factors such as employee conduct, human resources practices, supervision, legal decisions, policy decisions, financial responsibility, and information security. A reputational risk assessment should consider the department's culture, problem escalation, responsiveness, and communication strategies.
 People risks	Moderate tolerance	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 labor laws, work procedures, and safety regulations SACC conducts many initiatives and employee programs to mitigate such risks.
 IT and cybersecurity risks	Low tolerance	Risks associated with the ability of systems to meet users' requirements and manpower support. These risks are also associated with technological innovation. SACC 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 SACC 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 between 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 to the Corporate Governance Manual, as well as adherence to the company's business Code of Conduct and Ethics.
 Financial risks	Low tolerance	Risks associated with impairment of financial resources due to adverse economic conditions, and the inefficient use of resources or increased expenditure, which may hinder the ability to achieve SACC's objectives.
 Operational risks	Moderate tolerance	Risks related to internal controls, employee conduct, operational efficiency, third-party controls, physical security, and business continuity planning. Operational risks to services are also associated with financial risks, as they represent SACC's main operations.

Principal Risks and Mitigation

The following describes and provides high-level mitigation approaches that meet the required standards for some of the most important risk areas across SACC.

Strategic Risks

Business Environment Risk

Business cycles in the economy, and in customer industries, influence the demand for SACC's products, as well as its financial condition and operating results. Some sectors of the business could be affected by adverse changes in economic conditions and employment levels. The company's diversification strategy provides a degree of stability in cyclical markets.

Market and Customer Risk

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

Global Political Risk

The airline industry is global and is therefore dependent on political and economic developments worldwide. SACC's businesses are largely dependent on the airline industry, and may be impacted adversely by negative global events and trends. SACC aims to anticipate and contribute to important changes in public policy, when possible.

People Risks

Recruitment Risk

Failure to attract and recruit people with the right skills at all levels could limit SACC'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. The company 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

At all levels of the organization, retaining and motivating the best people with the right skills is vital to SACC'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

SACC's occupational health and safety systems, travel safety instructions, and crisis management guidelines are designed to protect employees. Appropriate insurance is in place for all personnel. SACC operates at five airports in industrial-size catering units, two laundry plants, and numerous other smaller premises, including catering outlets, retail shops, lounges, industrial sites, and on-shore oil rigs. SACC leases most of its sites. While operating, SACC is exposed to risks related to occupational health, employee safety, environment, fire, natural events, and site security. The company manages these risks through established management procedures and loss prevention programs. Risks that cannot be directly influenced are transferred, where feasible, to insurance companies.

SACC introduced a number of guidelines and put procedures in place well in advance to tackle the COVID-19 pandemic in all areas of its businesses.

Service Delivery and Contractual Compliance

SACC has a large number of contracts with many clients. Failing to comply with contractual terms and conditions could lead to loss of business. The company has processes in place to ensure that it complies with contractual terms and conditions.

Financial Risks

SACC is exposed to a variety of financial risks: market risks (cash flow and interest rate risk), credit risk, and liquidity risk.

The Board has put in place appropriate structures to ensure good financial risk governance and monitoring across the company. SACC's overall financial risk management focuses on the unpredictability of financial markets and clients' payment behavior, seeking to minimize potentially adverse effects on the company's financial performance.

Financial risk is managed at the headquarters and group level, identifying, evaluating, and acting on financial risks as appropriate. The principles of overall financial risk management are formally documented, as are policies covering specific areas such as credit risk and the investment of excess liquidity.

Cash Flow and Interest Rate Risk

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

Credit Risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss for SACC. 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 an investment-grade rating assigned by international credit rating agencies.

The company monitors its third- and related-party trade receivables continuously, and has a policy in place to manage and collect overdue receivables. As a result of proper monitoring and appropriate provisioning, management does not anticipate any additional losses due to client non-performance.

Liquidity Risk

Prudent liquidity risk management in the Kingdom of Saudi Arabia involves maintaining sufficient cash and available funding from an adequate number of committed credit facilities. The company ensures flexibility in funding by maintaining a 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 by using mid-term cash forecasts throughout the year.

IT and Cybersecurity Risks

Information technology and cybersecurity risks related to SACC’s internal operations are constantly identified and mitigated using network security, endpoint protection, access risk management, and vulnerability management. The Cybersecurity department monitors internal threat exposure levels with vulnerability-scanning capabilities and coordinates responses to identified cybersecurity incidents. The management team also closely monitors SACC’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, and on reducing the resulting costs and exposure to risk.

SACC actively identifies and responds to cybersecurity risks. Cybersecurity strategy work and its implementation will continue over the coming years.

32. The Company’s Social Contributions During 2022

In the area of corporate social responsibility, the Company continued to enhance its social role by participating in two important initiatives, one of which is related to the main sector of the Company (catering sector) with Iteam Association, which aims to preserve the grace of waste by conveying the idea of food banks in which are applied in the world and in the Kingdom of Saudi Arabia, with a professional manner that preserves the privacy of the community and the beneficiary.

On the other hand, we have proudly continued our relationship with Qadiroon Association, which aims to integrate persons with disabilities as equal and active members.

SACC reaffirms its commitment to work together to achieve sustainability and build a society that is inclusive, fair and accessible to all groups and assist in achieving the National Plan and the Vision of the Kingdom 2030.

It is worth mentioning that we are in the process of establishing a new section on social initiatives to expand the scope of participation and link it to the company’s core values.

SACC corporate social responsibility initiatives in 2022:

- 54 students were trained through internship programs
- 253 men and 125 women were hired locally to increase local engagement
- 7 employees joined the Company under the Tamheer program
- 38 under-privileged FTE people with disabilities were hired by the Company
- 80 aspirants were trained

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	How to solve and avoid it
SAR 500	Inconsistency with some product data, as food items are not mentioned on the label in descending order	Saudi Food and Drug Authority (SFDA)	We have corrected the label withing the SFDA requirement
SAR 10,000	The commercial register for Retail activity does not include some information	Ministry of Commerce	The required data has been included and the violation has been corrected

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.
- The Company does not have any conversion or subscription rights under any convertible debt instrument, contractually based securities, warrants, or similar rights; both issued or granted.
- 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 2019, 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 does not 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.
- The Company did not receive any fine, penalty, precautionary procedure, or preventive measure from the CMA nor any other regulatory, supervisory, or judicial authority.
- 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.
- The Company does not have any loans as of 31st December 2022.
- There is no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

Financial Report

Our performance surpassed expectations with underlying operating profit nearly five times greater than 2021.

We have a resilient and flexible business model to help us work in partnership with our clients to mitigate external pressures.





TO THE SHAREHOLDERS OF SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Saudi Airlines Catering Company (A Saudi Joint Stock Company) and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss and other 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 a summary of significant 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") 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 ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") 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 this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 Shaban 1443H (corresponding to 30 March 2022).

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 matter	How our audit addressed the key audit matter
<p>Allowance for expected credit losses</p> <p>As at 31 December 2022, the gross balance of accounts receivables amounted to SAR 947 million (2021: SAR 822 million), against which an allowance for expected credit losses of SAR 148 million (2021: SAR 127 million) was maintained.</p> <p>The Group assesses at each reporting date whether the financial assets 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 management judgement and assumptions, including future macro-economic factors and the study of historical trends.</p> <p>Refer to note 3 to the financial statements for the significant accounting policy, note 2.4 for the critical accounting estimates and judgements and note 12 which details the disclosure of impairment against accounts 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 2022. • 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 2022 Annual Report

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2022 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2022 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report

TO THE SHAREHOLDERS OF SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors 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 the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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.
- 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 Board of Directors.
- Conclude on the appropriateness of the Board of Directors'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: 5 Ramadan 1444 AH
(27 March 2023)

Consolidated Statement of Financial Position
As at 31 December 2022

	Note	31 December 2022 SAR	31 December 2021 SAR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	340,951,680	408,006,473
Right-of-use assets	15	267,144,201	416,889,017
Leases receivables – non-current portion	15	3,790,102	6,474,435
Intangible assets	8	37,025	430,684
Investment property	9	30,693,416	32,652,257
Advance against investment in shares		1,875,000	-
Margin deposit	11	4,230,000	4,230,000
Investment in associate	10	21,543,123	-
TOTAL NON-CURRENT ASSETS		670,264,547	868,682,866
CURRENT ASSETS			
Inventories	12	61,522,406	66,611,578
Leases receivables – current portion	15	15,458,733	17,600,070
Trade receivables	13	798,917,472	695,601,100
Prepayments and other current assets	14	67,789,643	105,673,101
Cash and cash equivalents	16	417,242,028	176,462,367
TOTAL CURRENT ASSETS		1,360,930,282	1,061,948,216
TOTAL ASSETS		2,031,194,829	1,930,631,082
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	820,000,000	820,000,000
Statutory reserve	18	246,000,000	246,000,000
Retained earnings / (accumulated losses)		53,926,179	(193,481,256)
TOTAL EQUITY		1,119,926,179	872,518,744
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	15	175,320,591	330,844,306
Employees' defined benefits obligation	19	165,219,221	148,197,674
Long-term bonus	20	8,125,254	7,500,000
TOTAL NON-CURRENT LIABILITIES		348,665,066	486,541,980
CURRENT LIABILITIES			
Trade and other payables	21	408,903,508	414,967,071
Lease liabilities – current portion	15	132,049,502	143,655,076
Zakat liabilities	22	21,650,574	12,948,211
TOTAL CURRENT LIABILITIES		562,603,584	571,570,358
TOTAL LIABILITIES		911,268,650	1,058,112,338
TOTAL EQUITY AND LIABILITIES		2,031,194,829	1,930,631,082

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2022

	Note	2022 SAR	2021 SAR
Revenue	24	1,818,006,368	1,212,507,870
Cost of sales	25	(1,301,686,626)	(880,662,708)
GROSS PROFIT		516,319,742	331,845,162
Other income	26	27,296,834	6,436,965
General and administrative expenses	27	(232,356,079)	(236,330,507)
Allowance for expected credit losses	13	(25,705,642)	(37,894,043)
Other expenses	28	(1,590,689)	(3,700,842)
OPERATING PROFIT		283,964,166	60,356,735
Share of results from equity-accounted investments	10	18,417,193	-
Reversal of impairment of investment in associate	10	3,125,930	-
Finance income	29	967,772	591,510
Finance costs	30	(20,654,096)	(27,180,198)
PROFIT BEFORE ZAKAT		285,820,965	33,768,047
Zakat	22	(28,717,827)	(19,712,588)
NET PROFIT FOR THE YEAR		257,103,138	14,055,459
Other comprehensive loss for the year			
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Re-measurement loss on employees' defined benefits obligation	19	(9,695,703)	(1,613,600)
Other comprehensive loss for the year		(9,695,703)	(1,613,600)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		247,407,435	12,441,859
EARNINGS PER SHARE:			
Basic and diluted earnings per share	31	3.14	0.17

Member of the Board of Directors

Chief Executive Officer

Chief Financial Officer

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Share capital SAR	Statutory reserve SAR	Retained earnings/ (accumulated losses) SAR	Total SAR
At 1 January 2021		820,000,000	353,835,879	(313,758,994)	860,076,885
Net profit for the year		-	-	14,055,459	14,055,459
Other comprehensive loss	19	-	-	(1,613,600)	(1,613,600)
Total comprehensive income for the year		-	-	12,441,859	12,441,859
Transfer from statutory reserve	18	-	(107,835,879)	107,835,879	-
At 31 December 2021		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	19	-	-	(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

Member of the Board of Directors Chief Executive Officer Chief Financial Officer

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2022

	Note	2022 SAR	2021 SAR
OPERATING ACTIVITIES			
Profit before zakat		285,820,965	33,768,047
<i>Adjustments for:</i>			
Depreciation on property and equipment	7	85,123,092	79,673,473
Depreciation on investment in property	9	1,958,841	1,958,841
Depreciation on right-of-use assets	15	75,399,766	85,237,059
Amortization of intangible assets	8	393,659	686,050
Work in progress expensed during the year	7	376,229	1,063,839
Allowance for slow moving inventory	12	13,577,199	11,661,330
Inventory written-off		-	1,396,184
Allowance for expected credit losses	13	25,705,642	37,894,043
Finance income	29	(967,772)	(591,510)
Finance cost	30	20,654,096	27,180,198
Share of results in an associate	10	(18,417,193)	-
Reversal of impairment of equity-accounted investments	10	(3,125,930)	-
Loss on disposal of property and equipment	28	19,524	2,767,350
Gain on de-recognition of lease liability	26	(18,015,893)	-
Provision for employees' defined benefits obligation	19	15,626,376	9,100,263
		484,128,601	291,795,167
<i>Changes in operating assets and liabilities:</i>			
Trade and other receivables		(129,022,014)	97,905,146
Long-term bonus	20	625,254	(3,020,100)
Inventories		(8,488,027)	36,294,340
Prepayments and other current assets		37,883,458	(32,353,014)
Trade and other payables		(7,758,778)	25,335,055
Cash generated from operating activities		377,368,494	415,956,594
Finance cost paid		-	(4,160,690)
Employees' defined benefits obligation paid	19	(11,152,677)	(20,347,497)
Zakat and income tax paid	22	(20,015,464)	(18,283,092)
Net cash flows from operating activities		346,200,353	373,165,315
INVESTING ACTIVITIES:			
Payments received for sublease	15	5,277,498	-
Proceeds from disposal of property and equipment	7		550,463
Purchase of property and equipment	7	(18,464,052)	(36,172,974)
Advance against investment in shares		(1,875,000)	-
Net cash flows used in investing activities		(15,061,554)	(35,622,511)
FINANCING ACTIVITIES:			
Repayment of short-term borrowings		-	(300,000,000)
Payments of lease liabilities	15 (b)	(90,320,297)	(118,454,281)
Dividends paid		(38,841)	(80,055)
Net cash flows used in financing activities		(90,359,138)	(418,534,336)
Net change in cash and cash equivalents		240,779,661	(80,991,532)
Cash and cash equivalents at the beginning of the year		176,462,367	257,453,899
Cash and cash equivalents at the end of the year	16	417,242,028	176,462,367
SUPPLEMENTARY SIGNIFICANT NON-CASH INFORMATION			
Additions to right-of-use assets and lease liabilities	15	10,755,093	4,057,272
Changes in accounts payable net of unpaid dividends and unpaid finance costs		2,765,000	-

Member of the Board of Directors Chief Executive Officer Chief Financial Officer

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2022

1 Corporate Information

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”) is mainly involved in provision of cooked and non-cooked food to private and public sectors, provision of sky sales, operation and management of duty-free zones in Saudi Arabian airports and ownership, operation and management of restaurants at airports and other places, and the ownership, operation and management of central laundries.

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

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

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

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

Subsidiary	Country on incorporation	Effective holding	
		2022	2021
SACC Catering Company	Kingdom of Saudi Arabia	100%	100%

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

The registered head office of the Parent Company is 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

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

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 (SAR), which is the functional currency of the Group.

2.1 Significant 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 19 and 34)
- Financial instruments risk management and policies (note 34)
- Capital management (note 35)

Judgements

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

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

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

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

Satisfaction of performance obligations

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

Determination of transaction prices

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

The attached notes from 1 to 38 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

At 31 December 2022

2 Basis of Preparation (continued)

2.1 Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

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 and equipment/intangible asset

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

Allowance for slow moving inventory

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

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

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

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

Impairment of non-financial assets

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

Employees' defined benefit obligation

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the market yield on high quality Corporate/Government bonds. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country. Further details about employee benefits obligations are provided in note 19.

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

At 31 December 2022

3 Summary of Significant Accounting Policies

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

3.1 Foreign currencies

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item. In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.2 Current versus non-current classification

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

Assets

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting year; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

Liabilities

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting year; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

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

All other liabilities are classified as non-current.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2022. 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 subsidiary 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 subsidiary as set out in note 1. The financial statements of the subsidiary are prepared for the same reporting year as that of the Group.

3.4 Investment in associates

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

3.5 Segment reporting

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

Reportable segments	Operations
Inflight	Inflight catering, airline equipment and business lounge
Retail	Onboard, ground and online
Catering and Facilities	Remote & Camp management, Business & Industries catering, Security services, Laundry services, Hajj and Umrah.

Notes to the Consolidated Financial Statements

At 31 December 2022

3 Summary of Significant Accounting Policies (continued)

3.5 Segment reporting (continued)

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 and equipment

Recognition and measurement

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

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

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property 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 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 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 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 and equipment, please refer note 3.10.

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

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

3.7 Investment Property

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

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

Depreciation on assets is charged to the statement of profit or loss and other comprehensive income, using the straight-line method over the estimated useful life of investment property 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 year 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 year of time in exchange for consideration.

Group as a lessee

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

Right-of-use assets

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

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

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.

Notes to the Consolidated Financial Statements

At 31 December 2022

3 Summary of Significant Accounting Policies (continued)

3.9 Leases (continued)

Lease liabilities (continued)

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

Short-term leases and leases of low-value assets

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

Group as a lessor

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

3.10 Intangible assets

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

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

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

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

Category of intangible assets	Useful lives
Software	2.5-5 years

3.11 Inventories

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

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

3.12 Cash and cash equivalents

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

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

3.13 Financial instruments

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

i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. Refer to the accounting policy in note 3.16.

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

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

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

At 31 December 2022

3 Summary of Significant Accounting Policies (continued)

3.13 Financial instruments (continued)

i) Financial assets (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 (ECLs) 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). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

ii) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

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

Financial liabilities at amortised cost

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

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

Derecognition

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

iii) Offsetting of financial instruments

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

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 year of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Notes to the Consolidated Financial Statements

At 31 December 2022

3 Summary of Significant Accounting Policies (continued)

3.14 Impairment of non-financial assets (continued)

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

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

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

3.15 Employees' defined benefits obligations

Short-term employee benefits

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

Post-employment benefits

The Group's obligation under employee end of service benefit is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior years and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in employee costs in the statement of profit or loss (refer to note 19).

3.16 Provisions

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

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

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

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

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

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

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

3.18 Zakat and tax

Zakat

Zakat is provided for in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the consolidated statement of profit 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.
- 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.

Notes to the Consolidated Financial Statements

At 31 December 2022

3 Summary of Significant Accounting Policies (continued)

3.19 Revenue recognition (continued)

Business lounges

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

Sales of goods – Retail

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

Non airlines

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

Camp facility

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

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.

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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1 Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting year in which it first applies the amendments (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.

4.2 Property and equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest year presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property and equipment made available for use on or after the beginning of the earliest year presented.

4.3 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

4.4 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting year in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the year.

4.5 IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

4.6 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting years beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting year in which it first applies the amendments.

Notes to the Consolidated Financial Statements

At 31 December 2022

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 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.

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

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

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

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

5.3 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.

5.4 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.

6 Segment Information

Operating segments:

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has mainly three reportable segments. Information regarding the Group's reportable segments is presented below:

31 December 2022	Inflight Catering SAR	Retail SAR	Catering and facilities SAR	Total reportable segments SAR	Overheads SAR	Head office SAR	Elimination SAR	Total SAR
External revenue	1,374,532,463	57,679,439	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	1,595,182,725	57,679,439	480,052,400	2,132,914,564	-	-	(314,908,196)	1,818,006,368
Segment profit / (loss) before zakat and tax	439,204,964	(31,266,451)	54,319,954	462,258,467	(176,437,502)	-	-	285,820,965
Depreciation and amortization	93,795,562	8,908,012	25,455,114	128,158,688	34,716,670	-	-	162,875,358
Assets:								
Segment assets	1,178,323,269	130,667,623	187,012,987	1,496,003,879	-	-	-	1,496,003,879
Other assets	-	-	-	-	-	535,190,950	-	535,190,950
Total	1,178,323,269	130,667,623	187,012,987	1,496,003,879	-	535,190,950	-	2,031,194,829
Liabilities:								
Segment liabilities	452,255,655	52,276,510	59,371,910	563,904,075	-	-	-	563,904,075
Other liabilities	-	-	-	-	-	347,364,575	-	347,364,575
	452,255,655	52,276,510	59,371,910	563,904,075	-	347,364,575	-	911,268,650

Revenue from one customer of the Group's Airline segment represented approximately 63% (December 31, 2021: 69%) of the Group's total revenue.

31 December 2021	Inflight Catering SAR	Retail SAR	Catering and facilities SAR	Total reportable segments SAR	Overheads SAR	Head office SAR	Elimination SAR	Total SAR
External revenue	938,015,025	43,138,059	231,354,786	1,212,507,870	-	-	-	1,212,507,870
Inter-segment revenue	116,963,557	-	76,807,217	193,770,774	-	-	(193,770,774)	-
Segment revenue	1,054,978,582	43,138,059	308,162,003	1,406,278,644	-	-	(193,770,774)	1,212,507,870
Segment profit / (loss) before zakat and tax	250,967,681	(36,138,419)	32,340,185	247,169,447	(213,401,400)	-	-	33,768,047
Depreciation and amortization	109,015,847	9,229,655	9,672,745	127,918,247	39,637,176	-	-	167,555,423
Assets:								
Segment assets	1,128,482,748	125,140,666	179,102,743	1,432,726,157	-	-	-	1,432,726,157
Other assets	-	-	-	-	-	497,904,925	-	497,904,925
Total	1,128,482,748	125,140,666	179,102,743	1,432,726,157	-	497,904,925	-	1,930,631,082
Liabilities:								
Segment liabilities	537,485,560	62,128,288	70,560,853	670,174,701	-	-	-	670,174,701
Other liabilities	-	-	-	-	-	387,937,637	-	387,937,637
	537,485,560	62,128,288	70,560,853	670,174,701	-	387,937,637	-	1,058,112,338

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7 Property and Equipment

	Land SAR	Building & leasehold improvements SAR	Equipment SAR	Motor vehicles SAR	Capital work in progress (note (a)) SAR	Total SAR
Cost:						
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
Accumulated depreciation:						
At 1 January 2022	-	158,134,024	120,996,823	78,876,753	-	358,007,600
Charged during the year	-	46,536,895	25,307,190	13,279,007	-	85,123,092
Relating to disposals	-	(46,254)	(288,977)	(146,867)	-	(482,098)
At 31 December 2022	-	204,624,665	146,015,036	92,008,893	-	442,648,594
Net book value:						
At 31 December 2022	33,786,058	193,827,006	47,447,908	54,982,194	10,908,514	340,951,680

a) Capital work in progress represents construction works at Alfursan Lounge at King Abdulaziz International Airport Jeddah (New Airport), Renovation of Retail Shop, Jeddah Unit and Riyadh Unit Building modifications.

	Land SAR	Building & leasehold improvements SAR	Equipment SAR	Motor vehicles SAR	Capital work in progress (note (a)) SAR	Total SAR
Cost:						
At 1 January 2021	33,786,058	351,243,669	187,351,213	147,531,665	38,244,651	758,157,256
Additions during the year	-	1,056,301	3,176,068	23,283	31,917,322	36,172,974
Disposals during the year	-	(7,144,530)	(18,106,229)	(2,001,559)	-	(27,252,318)
Expensed during the year	-	-	-	-	(1,063,839)	(1,063,839)
Transfer from capital work in progress	-	33,165,903	20,059,030	1,569,627	(54,794,560)	-
At 31 December 2021	33,786,058	378,321,343	192,480,082	147,123,016	14,303,574	766,014,073
Accumulated depreciation:						
At 1 January 2021	-	126,811,999	109,438,328	66,018,305	-	302,268,632
Charged during the year	-	35,581,096	29,232,370	14,860,007	-	79,673,473
Relating to disposals	-	(4,259,071)	(17,673,875)	(2,001,559)	-	(23,934,505)
At 31 December 2021	-	158,134,024	120,996,823	78,876,753	-	358,007,600
Net book value:						
At 31 December 2021	33,786,058	220,187,319	71,483,259	68,246,263	14,303,574	408,006,473

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:

	2022 SAR	2021 SAR
Cost of sales (note 25)	77,573,526	71,229,649
General and administrative expense (note 27)	7,549,566	8,443,824
	85,123,092	79,673,473

8 Intangible Assets

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

	2022 SAR	2021 SAR
Cost		
At 1 January	5,705,915	5,705,915
At 31 December	5,705,915	5,705,915
Amortization		
At 1 January	5,275,231	4,589,181
Charge for the year	393,659	686,050
At 31 December	5,668,890	5,275,231
Net book value	37,025	430,684

The amortisation of intangible assets is included in general and administrative expenses (note 27).

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:

	2022 SAR	2021 SAR
Cost		
At 1 January	43,054,931	43,054,931
At 31 December	43,054,931	43,054,931
Accumulated depreciation		
At 1 January	10,402,674	8,443,833
Charge for the year (note 27)	1,958,841	1,958,841
Balance at 31 December	12,361,515	10,402,674
Net Book Value At 31 December	30,693,416	32,652,257

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10 Investments in Associate

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

The balances of the investment in associate as at 31 December 2022 and 31 December 2021 are as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		2022	2021	2022	2021
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	40%	40%	21,543,123	-

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

	2022 SAR	2021 SAR
At 1 January	3,125,930	3,125,930
Charge for the year	-	-
Reversal of impairment	(3,125,930)	-
At 31 December	-	3,125,930

b) The financial data below and the share of results for the year ended 31 December 2022 are based on internal management reporting, while prior year results have been revised from the audited financial statements for the year ended 31 December 2021.

c) Below is the summary of the financial information of the associate as at 31 December 2022 and 31 December 2021:

i) Share in net assets	2022 SAR	2021 SAR
Non-current assets	93,951,585	7,471,325
Current assets	138,767,430	92,672,387
Total assets	232,719,015	100,143,712
Non-current liabilities	22,826,718	2,521,801
Current liabilities	158,953,667	90,282,946
Total liabilities	181,780,385	92,804,747
Net assets	50,938,630	7,338,965
Group's share in net assets (40%)	20,375,452	2,935,586

ii) Share in (loss) / profit	2022 SAR	2021 SAR
Revenue	396,342,081	164,926,803
Net income for the year	43,539,618	3,586,591
Other comprehensive loss	(709,900)	(565,000)
Other comprehensive gain for the year	42,829,718	3,021,591
Group's share of profit for the year (40%)	17,131,887	1,208,636

The associate had no contingent liabilities or capital commitments as at 31 December 2022 and 2021.

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

	2022 SAR	2021 SAR
At 1 January		
Group's share of results in an associate (note e below)	18,417,193	-
Reversal of impairment (note a above)	3,125,930	-
At 31 December	21,543,123	-

e) Group share of results in an associate include both current year share of results in addition to share of result for prior year.

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 2022 and 31 December 2021 is as follows:

	2022 SAR	2021 SAR
Margin deposits - non-current portion (note 32)	4,230,000	4,230,000

12 Inventories

	2022 SAR	2021 SAR
Retail items	49,142,873	53,563,514
Catering items	29,608,015	19,871,308
Packing and other materials	12,981,639	10,517,605
Spare parts	9,039,383	8,331,456
	100,771,910	92,283,883
Less: allowance for slow moving and obsolete inventories	(39,249,504)	(25,672,305)
	61,522,406	66,611,578

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

	2022 SAR	2021 SAR
At 1 January	25,672,305	14,010,975
Charge during the year	13,577,199	11,661,330
At 31 December	39,249,504	25,672,305

13 Trade receivables

	2022 SAR	2021 SAR
Trade receivables - Due from related parties (note 23)	564,795,615	582,816,290
Trade receivables - Others	338,410,877	208,577,769
Unbilled receivables (note c below)	44,124,804	30,803,773
	947,331,296	822,197,832
Less: allowance for expected credit losses	(148,413,824)	(126,596,732)
	798,917,472	695,601,100

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13 Trade receivables (continued)

- 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 23.
- b) As at 31 December 2022, approximately 69% of the Group's trade receivable's balance was due from various governmental and semi-Government entities (31 December 2021: SAR 76%).
- c) Unbilled receivables represent billing not yet approved by customers. As at 31 December 2022 and 31 December 2021 the unbilled receivables balances was having aging of less than one year.
- d) The ageing analysis of trade receivable is as follows:

	Up to three months SAR	Above three and up to six months SAR	Above six months SAR	Total SAR
December 31, 2022	666,069,004	49,208,838	232,053,454	947,331,296
December 31, 2021	529,423,596	42,403,530	250,370,706	822,197,832

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

	2022 SAR	2021 SAR
At 1 January	126,596,732	88,705,847
Charge during the year	25,705,642	37,894,043
Written off during the year	(3,888,550)	(3,158)
At 31 December	148,413,824	126,596,732

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

14 Prepayments and Other Current Assets

	2022 SAR	2021 SAR
Advances to suppliers	21,721,730	42,288,101
Prepayments	35,206,401	39,988,245
VAT input tax	3,452,652	2,645,444
Margin deposits with banks - current portion (note 32)	6,350,254	19,398,222
Advances to employees	1,058,606	1,353,089
	67,789,643	105,673,101

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:

	2022 SAR	2021 SAR
Net lease receivables at the beginning of the year	24,074,505	23,482,995
Finance income (note 29)	451,828	591,510
Payments received during the year	(5,277,498)	-
Net subleased assets at end of the year	19,248,835	24,074,505
Less: Current portion of net lease receivables	(15,458,733)	(17,600,070)
Non-Current portion of net lease receivables	3,790,102	6,474,435

b) Group as a lessee

a) Right -of-use assets

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

	Commercial Building Lease SAR	Land Lease SAR	Residential Lease SAR	Vehicles Lease SAR	Total SAR
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 (see note (ii) below)	(6,820,738)	-	(100,605,934)	-	(107,426,672)
At 31 December 2022	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

	Commercial Building Lease SAR	Land Lease SAR	Residential Lease SAR	Vehicles Lease SAR	Total SAR
Cost:					
At 1 January 2021	454,745,050	59,814,366	145,445,614	14,763,450	674,768,480
Additions	4,057,272	-	-	-	4,057,272
Lease modifications	(9,671,069)	-	-	-	(9,671,069)
Terminations	(2,712,141)	-	-	-	(2,712,141)
At 31 December 2021	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
Accumulated depreciation:					
At 1 January 2021	132,444,452	5,515,672	19,888,124	7,386,784	165,235,032
Charge for the year	67,659,958	2,757,835	11,125,874	3,693,392	85,237,059
Terminations	(918,566)	-	-	-	(918,566)
At 31 December 2021	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Net book value:					
At 31 December 2021	247,233,268	51,540,859	114,431,616	3,683,274	416,889,017

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15 Right of Use Assets and Lease Liabilities (continued)

- i) Additions during the year relate to a new retail shop located at King Khalid International Airport, Riyadh Terminal and Saudi Iwaa for Residential Compounds.
- ii) Terminations during the year ended 31 December 2022 related to a commercial and residential buildings. The Group has recognized a gain as a result of contract termination amounted to SAR 18,015,893 (2021: nil), (note 26).

b) Lease Liabilities

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

	2022 SAR	2021 SAR
Lease liabilities		
At the beginning of the year	474,499,382	580,085,903
Additions for the year	10,755,093	4,057,272
Interest expense for the year (note 30)	17,801,951	20,275,131
Lease modification	-	(9,631,561)
Related to terminated contract	(105,366,036)	(1,833,082)
Payments made during the year	(90,320,297)	(118,454,281)
At the end of the year	307,370,093	474,499,382
Less: Current portion of lease liabilities	(132,049,502)	(143,655,076)
Non-Current portion of lease liabilities	175,320,591	330,844,306

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

	2022 SAR	2021 SAR
Cost of sales (note 25)	67,621,464	75,941,292
General and administrative expense (note 27)	7,778,302	9,295,767
	75,399,766	85,237,059

d) The following are the amounts recognised in the statement of profit or loss:

	2022 SAR	2021 SAR
Depreciation on right of use assets	75,399,766	85,237,059
Interest expense on lease liabilities (note 30)	17,801,951	20,275,131
Expense relating to short term leases (included in cost of revenue)	21,421,397	8,015,792
Gain on de-recognition of lease liability (note 26)	(18,015,893)	-
	96,607,221	113,527,982

16 Cash and Cash Equivalents

	2022 SAR	2021 SAR
Cash at bank	316,974,836	175,886,157
Mudarba deposit (note b below)	100,000,000	-
Cash on hand	267,192	576,210
	417,242,028	176,462,367

- 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 2022 and 31 December 2021.
- b) Unrestricted Mudarba deposit represent deposit placed in Mudarba with commercial banks having original maturity of three months and yielding profit at prevailing market rate at 5.02%.
- c) Cash and cash equivalents as at 31 December 2022 include SAR 2.45 million (31 December 2021: SAR 1.18) earmarked in dividend accounts. Such accounts are subject to regulatory restrictions and are therefore not available for general use by the Group.

17 Share Capital

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

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

The shareholders and their percentage interests in the share capital of the Parent Company as at 31 December 2022 and 31 December 2021 are as follows:

Name of Shareholders	Number of shares	Value in SAR	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%

18 Statutory Reserve

In accordance with Saudi Regulations for Companies and the Company's bylaws, the Group is establishing the statutory reserve by appropriation of 10% of the annual net profit until the reserve is equal to 30% of share capital. This reserve is not available for distribution.

During the year ended 31 December 2021 the Group transferred the surplus amount of statutory reserve that exceeded 30% of its statutory reserve amounting to SAR 107.8 million to the accumulated losses account. The transfer was approved by the General Assembly meeting dated 4 May 2021.

The movement of statutory reserve at 31 December is as follows:

	2022 SAR	2021 SAR
At 1 January	246,000,000	353,835,879
Transfer to Accumulated losses	-	(107,835,879)
At 31 December	246,000,000	246,000,000

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19 Employees' Defined Benefits Obligation

The Company and its subsidiary 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:

	2022 SAR	2021 SAR
Balance at the beginning of the year	148,197,674	155,086,931
<i>Included in statement of profit or loss</i>		
Current service cost	15,626,376	9,100,263
Interest cost (included in employee cost)	2,852,145	2,744,377
	18,478,521	11,844,640
<i>Included in statement of other comprehensive income</i>		
Re-measurement loss on defined benefit obligation	9,695,703	1,613,600
Benefits paid	(11,152,677)	(20,347,497)
Balance at the end of the year	165,219,221	148,197,674

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:

	2022	2021
Discount rate	4%	2%
Future salary growth / expected rate of salary increases	2%	1%
Employee turnover / withdrawal rates	Moderate	Moderate
Retirement age	60 years	60 years
Average duration of defined benefit obligation	7.05 years	4.79 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:

	Change in assumption by	Increase to SAR	Decrease to SAR
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
31 December 2021			
Discount rate	1%	155,643,309	141,461,985
Future salary growth / expected rate of salary increases	1%	156,464,689	140,585,706

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

	2022 SAR	2021 SAR
Within the next 12 months (next annual reporting year)	22,704,740	30,007,324
Between 2 and 5 years	60,087,096	67,221,471
Between 6 and 10 years	60,227,264	41,174,701
Beyond 10 years	88,877,035	25,506,469

20 Long-Term Bonus

The movement in accrued bonus-long term during 31 December 2022 and 31 December 2021 is as follows:

	2022 SAR	2021 SAR
Balance at January 1	7,500,000	10,520,100
Accrued during the year	8,100,000	-
Benefits paid	(7,474,746)	-
Reversal	-	(3,020,100)
	8,125,254	7,500,000

21 Trade and Other Payables

	2022 SAR	2021 SAR
Accrued expenses	232,626,157	163,562,205
Trade payables - third parties	126,767,350	185,714,765
Payroll accruals	38,226,625	37,721,263
Trade payables - related parties (note 23)	8,836,841	26,787,908
Dividend payable	2,446,535	1,180,930
	408,903,508	414,967,071

22 Zakat

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

	2022 SAR	2021 SAR
Zakat payable	28,777,772	20,075,409
Advance income tax relating to foreign shareholding	(7,127,198)	(7,127,198)
Net zakat and income tax payable	21,650,574	12,948,211

a) Zakat provision

Movement in Zakat provision is as follows:

	2022 SAR	2021 SAR
Balance at beginning of the year	20,075,409	18,645,913
Charge for the year	28,777,772	20,075,409
Adjustments	(59,945)	(362,821)
Payments during the year	(20,015,464)	(18,283,092)
At 31 December	28,777,772	20,075,409

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22 Zakat (continued)

a) Zakat provision (continued)

i) Charge of the year ended 31 December 2022 and year ended 31 December 2021 is as follows:

	2022 SAR	2021 SAR
Zakat charge for the year	28,777,772	20,075,409
Adjustments	(59,945)	(362,821)
Total Zakat charge for the year	28,717,827	19,712,588

Zakat assessments status

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

The Parent Company

The Parent Company has submitted its Zakat and tax declarations for the years from 2008 to 2021.

For the year ended 31 December 2008, Zakat, Tax and Custom Authority ("ZATCA") issued an assessment claiming additional zakat and tax along with delay penalties of SAR 475K, which the Company settled under protest, and simultaneously filed an objection. The ZATCA partially accepted the Company's objection. The Company has accepted the remaining claim.

For the year ended 31 December 2009 to 2014, the ZATCA had issued queries for the mentioned years. ZATCA has not issued any assessments. However, given that statute of limitation is five years under zakat regulations and the assessment was issued for 2015 to 2020, the Company believe 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 SAR 16 million. The Company submitted its objection against the assessment and after a hearing, the ZATCA issued revised assessment claiming SAR 14 million, which the Company did not accept and escalated the case to next level. The Tax Violation and Dispute Resolution Committee ("TVDRRC") hearing was held on 17 July 2022. The TVDRRC issued its decision, partially accepting the Company's objection. The total additional Zakat of SAR 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 SAR 9.2 million. The Company submitted an objection against the above assessment.

The Subsidiary

The subsidiary has finalized its Zakat assessment up to the year ended 31 December 2021 and obtained the unrestricted Zakat certificate for the said year.

23 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	
		2022 SAR	2021 SAR
Shareholders			
Saudi Arabian Airlines Corporation	Sale of goods and services	1,421,650,955	960,565,757
	Services received	2,205,582	560,416
Abdulmohsen Alhokair Group for Tourism and Development	Sale of goods and services	-	56,376
	Services received	610	-
Affiliates			
Saudi Ground Services Company	Sale of goods and services	42,110,474	27,034,394
	Services received	1,584,803	2,031,469
Saudi Airlines Cargo Company	Sale of goods and services	7,195,586	7,649,426
	Services received	3,064,880	169,035
Saudi French Company for Duty Free Operations and Management	Sale of goods and services	5,823,453	2,958,218
Saudi Airlines Real Estate Development Company	Sale of goods and services	145,220	148,774
	Services received	3,043,220	4,727,471
Saudi Private Aviation	Sale of goods and services	28,683,506	32,474,219
Saudia Royal Fleet	Sale of goods and services	47,042,358	28,123,666
Saudia Aerospace Engineering Industries	Sale of goods and services	2,446,613	3,264,969
	Services received	-	247,861
Flyadeal Airlines Company	Sale of goods and services	8,944,162	5,710,023
Prince Sultan Aviation Academy	Sale of goods and services	63,854	11,730
Al Salam Aircraft Company	Sale of goods and services	457,889	583,624

b) Due from related parties comprised the following:

	2022 SAR	2021 SAR
Saudi Arabian Airlines Corporation	430,488,596	472,553,062
Saudia Royal Fleet	53,662,602	49,122,210
Saudi Ground Services Company	47,269,751	18,417,884
Saudi Private Aviation	12,670,913	17,151,960
Saudia Aerospace Engineering Industries	9,978,135	8,622,808
Saudi French Company for Duty Free Operations and Management	4,043,890	4,811,787
Saudi Airlines Cargo Company	2,132,060	8,737,860
Flyadeal Airlines Company	3,028,242	1,464,864
Al Salam Aircraft Company	1,262,454	804,565
Prince Sultan Aviation Academy	113,754	49,901
Saudi Airlines Real Estate Development Company	145,218	1,079,389
	564,795,615	582,816,290

Notes to the Consolidated Financial Statements

At 31 December 2022

23 Related Party Transactions and Balances (continued)

c) Due to related parties comprised the following:

	2022 SAR	2021 SAR
Saudi Airlines Real Estate Development Company	8,444,349	23,788,449
Saudi Airlines Cargo Company	392,492	758,959
Abdulmohsen Alhokair Group for Tourism and Development	-	217,616
Saudi Arabian Airlines Corporation	-	450,293
Saudia Aerospace Engineering Industries	-	1,091,285
Saudi Ground Services Company	-	481,306
	8,836,841	26,787,908

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 2022 and 2021, the amounts owed by related parties are not impaired.

Amount due from and to related parties are shown in notes 13 and 21, 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:

	2022 SAR	2021 SAR
Short-term employee benefits	7,862,002	8,939,922
Termination benefits	1,356,616	682,960
Employees' defined benefit liabilities	109,350	149,850
Key management bonus	3,860,157	2,907,788
	13,188,125	12,680,520

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

24 Revenue

	2022 SAR	2021 SAR
In-flight catering	1,151,197,511	797,420,325
Non-airlines	380,898,714	250,445,865
Business lounge	220,544,054	109,231,754
Retail revenue	57,679,439	43,138,058
Other operating revenues		
Camp facilities sales (staff feeding & accommodation)	6,686,650	11,276,004
Exclusivity purchase income & services to suppliers	1,000,000	995,864
	1,818,006,368	1,212,507,870

25 Cost of Sales

	2022 SAR	2021 SAR
Cost of materials and goods	599,491,915	345,325,252
Employees costs	324,559,734	235,899,956
Depreciation on property and equipment (note 7 (c))	77,573,526	71,229,649
Depreciation on right-of-use assets (note 15 (c))	67,621,464	75,941,292
Manpower and transportation cost	53,508,100	32,499,999
Supplies and expandable items	51,723,257	28,892,272
Rent and maintenance of production units	33,080,368	17,683,262
Communication and utilities	30,175,477	20,680,119
Other operational costs	63,952,785	52,510,907
	1,301,686,626	880,662,708

26 Other Income

	2022 SAR	2021 SAR
Gain on de-recognition of lease liability	18,015,893	-
Management fee income	6,085,385	2,571,239
Medical ex-gratia income	2,388,017	2,400,000
Foreign currency exchange gain	-	74,234
Others	807,539	1,391,492
	27,296,834	6,436,965

27 General and Administrative Expenses

	2022 SAR	2021 SAR
Employees costs	138,008,196	128,412,837
Service agreement fee	32,262,374	20,032,121
Professional and technical fee	12,229,371	12,771,733
Marketing and promotional	9,690,949	5,068,664
Depreciation on right-of-use assets (note 15 (c))	7,778,302	9,295,767
Depreciation on property and equipment (note 7 (c))	7,549,566	8,443,824
Utilities	6,695,392	7,047,762
Board of Directors' remuneration	4,638,994	3,798,750
Travelling	4,595,085	3,445,967
Insurance	3,618,614	3,612,173
Depreciation on investment property (note 9)	1,958,841	1,958,841
Amortization of intangible assets (note 8)	393,659	686,050
Others	2,936,736	31,756,018
	232,356,079	236,330,507

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At 31 December 2022

28 Other Expenses

	2022 SAR	2021 SAR
Banks commission	1,506,070	933,492
Foreign currency exchange loss	65,094	-
Loss on disposal of property and equipment	19,525	2,767,350
	1,590,689	3,700,842

29 Finance Income

	2022 SAR	2021 SAR
Finance income on lease receivables (note 15 (b))	451,828	591,510
Finance income on Mudarba deposit	515,944	-
	967,772	591,510

30 Finance Costs

	2022 SAR	2021 SAR
Interest from lease liabilities (note 15 (b))	17,801,951	20,275,131
Interest on employees' end-of-service benefits (note 19 (a))	2,852,145	2,744,377
Interest on short-term borrowings	-	4,160,690
	20,654,096	27,180,198

31 Earnings Per Share

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

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

Basic and diluted earnings per share from total income.

	2022 SAR	2021 SAR
Profit for the year attributable to the shareholders of the Group	257,103,138	14,055,459
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 SAR)	3.14	0.17

32 Commitments and Contingencies

As at 31 December 2022 and 31 December 2021, the Group had the following commitments, letter of guarantees and contingencies:

	2022 SAR	2021 SAR
Capital commitments	46,222,342	67,869,798
Letter of guarantees (refer to note below)	51,451,595	60,823,906

On 31 December 2022, the Group had outstanding letters of guarantee amounting to SAR 51.5 million issued by banks on behalf of the Group to suppliers and promises to meet any financial obligations (31 December 2021: SAR 60.8) with cash margin deposit amounting to SAR 10.5 million (31 December 2021: SAR 23.6 million).

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

33 Fair Value of Assets and Liabilities

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

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

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

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

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

Level 1. Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred. During the year ended 31 December 2022, there were no movements between the levels.

As at 31 December 2022 and 31 December 2021, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

34 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.

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At 31 December 2022

34 Financial Instruments Risk Management (continued)

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 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.

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.

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

	2022 SAR	2021 SAR
Financial assets		
Due from related parties	564,795,615	582,816,290
Trade receivables	338,410,877	208,941,949
Balances with banks	416,974,836	175,521,977
Unbilled receivables	44,124,804	30,803,773
Margin deposits with banks – short-term	6,350,254	19,398,222
Subleased assets	19,248,835	24,074,505
Margin deposits with banks – long-term	4,230,000	4,230,000
	1,394,135,221	1,045,786,716

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 2022	Up to 12 months SAR	One to five years SAR	More than five years SAR	Total SAR
Trade payables	135,604,191	-	-	135,604,191
Lease liabilities	144,300,355	157,190,822	77,176,604	378,667,781
Accruals and other liabilities	232,626,157	-	-	232,626,157
	512,530,703	157,190,822	77,176,604	746,898,129

As at 31 December 2021	Up to 12 months SAR	One to five years SAR	More than five years SAR	Total SAR
Trade payables	212,502,673	-	-	212,502,673
Lease liabilities	157,757,991	199,228,678	202,479,147	559,465,816
Accruals and other liabilities	163,562,205	-	-	163,562,205
	533,822,869	199,228,678	202,479,147	935,530,694

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At 31 December 2022

35 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 2022 and 31 December 2021. For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholders' value.

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

	2022 SAR	2021 SAR
Total liabilities	911,268,650	1,058,112,338
Less: cash and cash equivalents	(417,242,028)	(176,462,367)
Net debt	494,026,622	881,649,971
Total equity	1,119,926,179	872,518,744
Gearing ratio	44%	101%

36 Subsequent Events

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 SAR 41 million at SAR 0.5 per share. The distribution date will be on 30 April 2023.

37 Comparative Information

Certain prior year amounts have been reclassified to conform to the current year presentation. However, there was no material impact of such reclassifications on the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group.

	Balance before reclasses	Reclassified amounts	Balance after reclasses
Trade and other receivables	664,797,327	30,803,773	695,601,100
Prepayments and other current assets	136,476,874	(30,803,773)	105,673,101
Long-term bonus		7,500,000	7,500,000
Employees' defined benefits obligation	155,697,674	(7,500,000)	148,197,674

38 Approval of the Financial Statements

The financial statements were approved for issuance by the Board of Directors on 22 March 2023 (corresponding to 30 Sha'ban 1444H).



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