

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

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

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and nine-month periods ended 30 September 2022

INDEX	Pages
Independent Auditors' review report	1
Interim condensed consolidated statement of profit or loss and other comprehensive income	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 – 24



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Airlines Catering Company (A Saudi Joint Stock Company) (the "Company" or the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at 30 September 2022 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified audit opinion on those consolidated financial statements on 30 March 2022 (corresponding to 27 Sha'ban 1443H). Further, the interim condensed consolidated financial statements of the Group for the three-month and nine-month periods ended 30 September 2021 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 7 November 2021 (corresponding to 2 Rabi'II 1443H).

for Ernst & Young Professional Services

Hussain Saleh Asiri
Certified Public Accountant
License No. 414

Jeddah: 14 Rabi Al-Thani 1444H
8 November 2022G



SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

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

For the three-month and nine-month periods ended 30 September 2022

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022 SR (Unaudited)	2021 SR (Unaudited)	2022 SR (Unaudited)	2021 SR (Unaudited)
Revenues	4	501,959,256	332,181,114	1,310,013,029	845,542,268
Cost of sales	5	(354,260,259)	(230,721,965)	(946,357,773)	(638,619,009)
GROSS PROFIT		147,698,997	101,459,149	363,655,256	206,923,259
Other income		2,379,355	2,688,935	6,757,363	4,627,646
General and administrative expenses		(63,652,312)	(65,362,978)	(180,852,295)	(182,185,670)
Provision for expected credit losses	10	(2,104,591)	(9,232,778)	(2,716,309)	(22,221,734)
Other expenses		(124,408)	(269,702)	(1,108,429)	(3,448,045)
TOTAL OPERATING PROFIT		84,197,041	29,282,626	185,735,586	3,695,456
Finance cost		(5,226,520)	(7,075,043)	(15,959,459)	(20,473,592)
Finance income		113,024	148,155	356,555	460,680
		79,083,545	22,355,738	170,132,682	(16,317,456)
Share of results from investment in associate	9	-	-	-	-
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		79,083,545	22,355,738	170,132,682	(16,317,456)
Zakat and income tax expense	14	(7,835,635)	(6,989,725)	(20,109,127)	(15,775,635)
NET PROFIT / (LOSS) FOR THE PERIOD		71,247,910	15,366,013	150,023,555	(32,093,091)
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		71,247,910	15,366,013	150,023,555	(32,093,091)
Basic and diluted earnings / (loss) per share (SR per share)	6	0.87	0.19	1.83	(0.39)


Chief Financial Officer


Chief Executive Officer


Member of the Board of Directors

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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

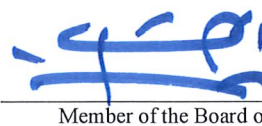
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		<i>30 September</i>	<i>31 December</i>
		<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	357,458,247	408,006,473
Right-of-use assets	8	360,282,328	416,889,017
Subleased assets – non-current portion	8	4,823,631	6,474,435
Intangible assets		43,558	430,684
Investment property		31,183,126	32,652,257
Advance against investment in shares		1,875,000	-
Margin deposit		4,230,000	4,230,000
Investment in associate	9	-	-
TOTAL NON-CURRENT ASSETS		759,895,890	868,682,866
CURRENT ASSETS			
Subleased assets - current portion	8	19,607,429	17,600,070
Inventories		73,412,699	66,611,578
Trade and other receivables	10	789,355,077	664,797,327
Prepayments and other receivables		139,940,323	136,476,874
Cash and cash equivalents		337,963,798	176,462,367
TOTAL CURRENT ASSETS		1,360,279,326	1,061,948,216
TOTAL ASSETS		2,120,175,216	1,930,631,082
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	11	820,000,000	820,000,000
Statutory reserve	12	246,000,000	246,000,000
Accumulated losses		(43,457,701)	(193,481,256)
TOTAL SHAREHOLDERS' EQUITY		1,022,542,299	872,518,744
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion	8	298,942,223	330,844,306
Employees' terminal benefits		158,225,186	155,697,674
TOTAL NON-CURRENT LIABILITIES		457,167,409	486,541,980
CURRENT LIABILITIES			
Lease liabilities – current portion	8	149,217,764	143,655,076
Zakat and income tax liabilities	14	13,041,874	12,948,211
Trade and other payables	15	478,205,870	414,967,071
TOTAL CURRENT LIABILITIES		640,465,508	571,570,358
TOTAL LIABILITIES		1,097,632,917	1,058,112,338
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,120,175,216	1,930,631,082


Chief Financial Officer


Chief Executive Officer


Member of the Board of Directors

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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2022

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Accumulated losses SR</i>	<i>Total SR</i>
Balance as at 1 January 2021	820,000,000	353,835,879	(313,758,994)	860,076,885
Total comprehensive loss	-	-	(32,093,091)	(32,093,091)
Transfer from statutory reserve (note 12)	-	(107,835,879)	107,835,879	-
	<u>820,000,000</u>	<u>246,000,000</u>	<u>(238,016,206)</u>	<u>827,983,794</u>
Balance as at 30 September 2021 (Unaudited)				
Balance as at 1 January 2022	820,000,000	246,000,000	(193,481,256)	872,518,744
Total comprehensive income	-	-	150,023,555	150,023,555
	<u>820,000,000</u>	<u>246,000,000</u>	<u>(43,457,701)</u>	<u>1,022,542,299</u>
Balance as at 30 September 2022 (Unaudited)				

Chief Financial Officer

Chief Executive Officer

Member of the Board of Directors

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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2022

	<i>For the nine-month period ended</i>	
	30 September	
	2022	2021
	SR	SR
<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Profit / (loss) before zakat and income tax	170,132,682	(16,317,456)
<i>Adjustments to reconcile profit / (loss) before zakat and income tax to net cash flows:</i>		
Depreciation on property, plant and equipment	7 61,619,642	58,902,042
Depreciation on investment property	1,469,131	1,469,131
Depreciation on right-of-use assets	8 60,229,571	64,184,056
Amortization	387,126	525,417
Construction in progress expensed out	376,229	86,000
Provision for expected credit losses	10 2,716,309	22,221,734
Provision for slow-moving inventory	1,146,650	10,803,734
Inventory written-off	-	1,396,184
Finance income	(356,555)	(460,680)
Finance cost	15,959,459	20,473,592
Loss on disposal of property, plant and equipment	16,148	2,784,051
Provision for employees' terminal benefits	10,326,660	10,757,299
Provision for accrued bonus - long term	6,075,000	6,750,000
	330,098,052	183,575,104
<i>Changes in operating assets and liabilities:</i>		
Inventories	(7,947,771)	32,032,298
Trade and other receivables	(127,274,059)	96,236,609
Prepayments and other receivables	(3,463,449)	(7,259,170)
Trade and other payables	63,254,880	66,582,512
	254,667,653	371,167,353
Cash generated from operations		
Payment of accrued bonus - long term	(7,474,746)	-
Finance cost	-	(3,621,845)
Employees' terminal benefits paid	(8,379,361)	(16,577,108)
Zakat and income tax paid	14 (20,015,464)	(18,145,063)
	218,798,082	332,823,337
Net cash generated from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	7 (11,463,793)	(18,288,631)
Advance against investment in shares	(1,875,000)	-
Proceeds from disposal of property, plant and equipment	-	246,898
	(13,338,793)	(18,041,733)
Net cash used in investing activities		
FINANCING ACTIVITIES		
Repayment of short-term borrowings	-	(100,000,000)
Payments of lease liabilities	8 (43,941,777)	(105,061,182)
Dividend paid	13 (16,081)	(38,869)
	(43,957,858)	(205,100,051)
Net cash used in financing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	161,501,431	109,681,553
Cash and cash equivalents at the beginning of the period	176,462,367	257,453,899
	337,963,798	367,135,452
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
SUPPLEMENTARY NON-CASH INFORMATION:		
Transfer from capital work in progress	7 15,703,780	7,545,327


Chief Financial Officer


Chief Executive Officer


Member of the Board of Directors

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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2022

1. ORGANIZATION AND ACTIVITIES

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

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

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

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

<u>Branch location</u>	<u>C.R.</u>
Rabigh	4602006306
Medina	4650055980
Medina	4650216315
Dammam	2050082998
Makkah	4031084114
Jeddah	4030227251
Jeddah	4030365540
Jeddah	4030285290
Jeddah	4030371373
Jeddah	4030426294
Jeddah	4030477154
Riyadh	1010336558
Riyadh	1010616680
Riyadh	1010616679

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

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

The registered head office of the Parent Company is 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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

2. BASIS OF PREPARATION

a. Statement of compliance

The accompanying interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of annual consolidated financial statements and should therefore be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the material changes in the Group’s financial position and performance since the date of last audited consolidated financial statements. In addition, results for the interim period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

b. Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention using accrual basis of accounting.

c. Functional and presentational currency

These interim condensed consolidated financial statements have been presented in Saudi Riyals (SR), which is also the Parent Company’s functional currency.

d. Significant accounting judgments, estimates and assumptions

The preparation of the Group’s interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group’s accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2021.

The significant judgments, estimates and assumptions made by the management in applying the Group’s accounting policies are same as those used described in the annual consolidated financial statements for the year ended 31 December 2021.

e. Changes in accounting policies

The accounting policies and methods of calculation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). 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. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

2. BASIS OF PREPARATION (continued)

e. Changes in accounting policies (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16.

The amendment prohibits entities from deducting from the cost of an item of property, plant 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. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

f. Basis of consolidation

These interim condensed consolidated financial statements, comprising the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and notes to the interim condensed consolidated financial statements of the Group, include assets, liabilities and the results of the operations of the Parent Company and its subsidiary, as set out in note 1. The Parent Company and its subsidiary are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group.

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

3. OPERATING SEGMENTS

a. Basis for segmentation

The Company has the following three strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately because of their different fundamentals. The following summary describes the operations of each reportable segment:

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

The Board of directors reviews the internal management reports of each strategic division at least on quarterly basis.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments

30 September 2022 (Unaudited)

	<i>Inflight</i> <i>SR</i>	<i>Retail</i> <i>SR</i>	<i>Catering</i> <i>and facilities</i> <i>SR</i>	<i>Total</i> <i>reportable</i> <i>segments</i> <i>SR</i>	<i>Overheads</i> <i>SR</i>	<i>Head</i> <i>office</i> <i>SR</i>	<i>Total</i> <i>SR</i>
External revenue	990,010,955	42,660,181	277,341,893	1,310,013,029	-	-	1,310,013,029
Inter-segment revenue	166,916,095	-	68,613,268	235,529,363	-	-	235,529,363
Segment revenue	1,156,927,050	42,660,181	345,955,161	1,545,542,392	-	-	1,545,542,392
Segment profit / (loss) before zakat and tax	300,309,312	(12,931,704)	35,186,589	322,564,197	(152,431,515)	-	170,132,682
Depreciation and amortization	72,068,897	6,335,330	18,284,645	96,688,872	27,016,598	-	123,705,470
Assets:							
Segment assets	1,239,254,861	137,424,501	196,683,507	1,573,362,869	-	-	1,573,362,869
Head office	-	-	-	-	-	546,812,347	546,812,347
Total Assets	1,239,254,861	137,424,501	196,683,507	1,573,362,869	-	546,812,347	2,120,175,216
Liabilities:							
Segment liabilities	549,942,085	63,568,145	72,196,139	685,706,369	-	-	685,706,369
Head office	-	-	-	-	-	411,926,548	411,926,548
Total Liabilities	549,942,085	63,568,145	72,196,139	685,706,369	-	411,926,548	1,097,632,917

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

3. OPERATING SEGMENTS (continued)

b. Information about reportable segments (continued)

30 September 2021 (Unaudited)	Inflight SR	Retail SR	Catering and facilities SR	Total reportable segments SR	Overheads SR	Head office SR	Total SR
External revenue	639,954,721	32,207,756	173,379,791	845,542,268	-	-	845,542,268
Inter-segment revenue	70,584,315	-	52,516,090	123,100,405	-	-	123,100,405
Segment revenue	<u>710,539,036</u>	<u>32,207,756</u>	<u>225,895,881</u>	<u>968,642,673</u>	<u>-</u>	<u>-</u>	<u>968,642,673</u>
Segment profit / (loss) before zakat and tax	147,512,413	(27,746,048)	26,488,600	146,254,965	(162,572,421)	-	(16,317,456)
Depreciation and amortization	80,310,021	7,142,119	7,243,992	94,696,132	30,384,514	-	125,080,646
<i>31 December 2021 (Audited)</i>							
Assets:							
Segment assets	1,128,482,748	125,140,666	179,102,743	1,432,726,157	-	-	1,432,726,157
Head office	-	-	-	-	-	497,904,925	497,904,925
Total Assets	<u>1,128,482,748</u>	<u>125,140,666</u>	<u>179,102,743</u>	<u>1,432,726,157</u>	<u>-</u>	<u>497,904,925</u>	<u>1,930,631,082</u>
Liabilities:							
Segment liabilities	537,485,560	62,128,288	70,560,853	670,174,701	-	-	670,174,701
Head office	-	-	-	-	-	387,937,637	387,937,637
Total Liabilities	<u>537,485,560</u>	<u>62,128,288</u>	<u>70,560,853</u>	<u>670,174,701</u>	<u>-</u>	<u>387,937,637</u>	<u>1,058,112,338</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

3. OPERATING SEGMENTS (continued)

c. Reconciliations of information on reportable segments to primary statements

I. Revenue

	30 September 2022 SR (Unaudited)	30 September 2021 SR (Unaudited)
Total revenue for reportable segments	1,545,542,392	968,642,673
Elimination of intersegment revenue	(235,529,363)	(123,100,405)
Total revenue	1,310,013,029	845,542,268

II. Profit / (loss)

	30 September 2022 SR (Unaudited)	30 September 2021 SR (Unaudited)
Total profit for reportable segments	322,564,197	146,254,965
Overheads	(152,431,515)	(162,572,421)
Total profit / (loss)	170,132,682	(16,317,456)

III. Assets

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Total assets for reportable segments	1,573,362,869	1,432,726,157
Head office	546,812,347	497,904,925
Total assets	2,120,175,216	1,930,631,082

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

IV. Liabilities

	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Total liabilities for reportable segments	685,706,369	670,174,701
Head office	411,926,548	387,937,637
Total liabilities	1,097,632,917	1,058,112,338

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

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

3. OPERATING SEGMENTS (continued)

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

V. Geographical information

Revenue	30 September 2022 SR (Unaudited)	30 September 2021 SR (Unaudited)
Kingdom of Saudi Arabia	1,272,236,200	827,949,406
<i>All foreign countries</i>		
Egypt – Cairo	37,776,829	17,592,862
Total revenue	1,310,013,029	845,542,268

d. Major customer

Revenue from one customer of the Group represented approximately 61% (30 September 2021: 69%) of the total revenues.

4. REVENUES

	<i>Three-month period ended</i> 30 September		<i>Nine-month period ended</i> 30 September	
	2022 SR (Unaudited)	2021 SR (Unaudited)	2022 SR (Unaudited)	2021 SR (Unaudited)
In-flight catering revenue	316,400,471	214,615,357	828,435,959	544,354,248
Retail revenue	15,494,829	12,620,380	42,660,181	32,207,756
Business lounge revenue	67,900,915	28,280,685	159,882,834	68,425,274
Non-airlines revenue	98,368,305	73,173,618	273,631,265	190,748,874
Other operating revenues				
Camp facilities sales (staff feeding & accommodation)	3,794,736	3,491,074	4,402,790	8,853,735
Exclusivity purchase income & services to suppliers	-	-	1,000,000	952,381
	501,959,256	332,181,114	1,310,013,029	845,542,268

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

5. COST OF SALES

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cost of materials and goods	175,501,798	96,403,559	425,013,710	242,577,057
Personnel costs	85,693,864	59,169,665	238,650,696	177,774,088
Rent and maintenance of production units	15,224,639	4,171,509	32,182,519	13,126,028
Depreciation	32,518,371	35,712,917	109,799,922	109,573,828
Other costs				
Manpower and transportation cost	13,980,308	9,306,441	42,105,656	22,055,068
Supplies and expandable items	14,371,275	7,069,095	37,267,521	20,563,604
Communication and utilities	8,158,765	6,964,281	21,255,158	15,596,775
Other operational costs	8,811,239	11,924,498	40,082,591	37,352,561
	354,260,259	230,721,965	946,357,773	638,619,009

6. EARNINGS PER SHARE

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

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

	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net Profit / (loss) for the period	71,247,910	15,366,013	150,023,555	(32,093,091)
Weighted average number of ordinary shares	82,000,000	82,000,000	82,000,000	82,000,000
Basic and diluted earnings / (loss) per share (SR per share)	0.87	0.19	1.83	(0.39)

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

7. PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i> SR	<i>Building & leasehold improvements</i> SR	<i>Equipment</i> SR	<i>Motor vehicles</i> SR	<i>Capital work in progress</i> (note (a)) SR	<i>Total</i> SR
<i>Cost:</i>						
Balance 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 period	-	1,278,824	1,555,775	965	8,628,229	11,463,793
Disposals during the period	-	-	(230,471)	(149,700)	-	(380,171)
Expensed during the period	-	-	-	-	(376,229)	(376,229)
Reclassification	-	4,579,093	(4,579,093)	-	-	-
Transfer from capital work in progress	-	13,629,971	2,057,003	16,806	(15,703,780)	-
Balance at 30 September 2022 (Unaudited)	<u>33,786,058</u>	<u>397,809,231</u>	<u>191,283,296</u>	<u>146,991,087</u>	<u>6,851,794</u>	<u>776,721,466</u>
<i>Accumulated depreciation:</i>						
Balance at 1 January 2022	-	158,134,024	120,996,823	78,876,753	-	358,007,600
Charge for the period	-	33,091,538	18,532,754	9,995,350	-	61,619,642
Relating to disposals	-	-	(217,156)	(146,867)	-	(364,023)
Balance at 30 September 2022 (Unaudited)	<u>-</u>	<u>191,225,562</u>	<u>139,312,421</u>	<u>88,725,236</u>	<u>-</u>	<u>419,263,219</u>
<i>Carrying amounts:</i>						
At 30 September 2022 (Unaudited)	<u>33,786,058</u>	<u>206,583,669</u>	<u>51,970,875</u>	<u>58,265,851</u>	<u>6,851,794</u>	<u>357,458,247</u>

- 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.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2022

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Land</i> SR	<i>Building & leasehold improvements</i> SR	<i>Equipment</i> SR	<i>Motor vehicles</i> SR	<i>Capital work in progress</i> SR	<i>Total</i> SR
<i>Cost:</i>						
Balance 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)
Written-off	-	-	-	-	(1,063,839)	(1,063,839)
Transfer from capital work in progress	-	33,165,903	20,059,030	1,569,627	(54,794,560)	-
	<u>33,786,058</u>	<u>378,321,343</u>	<u>192,480,082</u>	<u>147,123,016</u>	<u>14,303,574</u>	<u>766,014,073</u>
Balance at 31 December 2021	<u>33,786,058</u>	<u>378,321,343</u>	<u>192,480,082</u>	<u>147,123,016</u>	<u>14,303,574</u>	<u>766,014,073</u>
<i>Accumulated depreciation:</i>						
Balance at 1 January 2021	-	126,811,999	109,438,328	66,018,305	-	302,268,632
Charge for 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)
	<u>-</u>	<u>158,134,024</u>	<u>120,996,823</u>	<u>78,876,753</u>	<u>-</u>	<u>358,007,600</u>
Balance at 31 December 2021	<u>-</u>	<u>158,134,024</u>	<u>120,996,823</u>	<u>78,876,753</u>	<u>-</u>	<u>358,007,600</u>
<i>Carrying amounts:</i>						
At 31 December 2021	<u>33,786,058</u>	<u>220,187,319</u>	<u>71,483,259</u>	<u>68,246,263</u>	<u>14,303,574</u>	<u>408,006,473</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

8. LEASES

a. Right-of-use assets

	<i>Commercial Building SR</i>	<i>Land SR</i>	<i>Residential Building SR</i>	<i>Vehicles SR</i>	<i>Total 2022 SR</i>
<i>Cost:</i>					
Balance at 1 January 2022	446,419,112	59,814,366	145,445,614	14,763,450	666,442,542
Additions (see note below)	3,622,882	-	-	-	3,622,882
Balance at 30 September 2022	<u>450,041,994</u>	<u>59,814,366</u>	<u>145,445,614</u>	<u>14,763,450</u>	<u>670,065,424</u>
<i>Accumulated depreciation:</i>					
Balance at 1 January 2022	199,185,844	8,273,507	31,013,998	11,080,176	249,553,525
Charge for the period	46,872,483	2,068,377	8,518,667	2,770,044	60,229,571
Balance at 30 September 2022	<u>246,058,327</u>	<u>10,341,884</u>	<u>39,532,665</u>	<u>13,850,220</u>	<u>309,783,096</u>
<i>Carrying amounts:</i>					
At 30 September 2022 (Unaudited)	<u>203,983,667</u>	<u>49,472,482</u>	<u>105,912,949</u>	<u>913,230</u>	<u>360,282,328</u>
	<i>Commercial Building Lease SR</i>	<i>Land Lease SR</i>	<i>Residential Lease SR</i>	<i>Vehicles Lease SR</i>	<i>Total 2021 SR</i>
<i>Cost:</i>					
Balance 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)
Balance at 31 December 2021	<u>446,419,112</u>	<u>59,814,366</u>	<u>145,445,614</u>	<u>14,763,450</u>	<u>666,442,542</u>
<i>Accumulated depreciation:</i>					
Balance 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)
Balance at 31 December 2021	<u>199,185,844</u>	<u>8,273,507</u>	<u>31,013,998</u>	<u>11,080,176</u>	<u>249,553,525</u>
<i>Carrying amounts:</i>					
At 31 December 2021	<u>247,233,268</u>	<u>51,540,859</u>	<u>114,431,616</u>	<u>3,683,274</u>	<u>416,889,017</u>

Additions during the period relate to a new retail shop located at King Khalid International Airport, Riyadh Terminal.

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

8. LEASES (continued)

b. Lease Liabilities

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
At beginning of the period / year	474,499,382	580,085,903
Additions to lease liabilities	3,622,882	4,057,272
Accretion of finance cost	13,979,500	20,275,131
Lease modification	-	(9,631,561)
Relating to terminations	-	(1,833,082)
Lease payment during the period / year	(43,941,777)	(118,454,281)
	<u>448,159,987</u>	<u>474,499,382</u>
Less: Current portion of lease liabilities	(149,217,764)	(143,655,076)
Non-Current portion of lease liabilities	<u>298,942,223</u>	<u>330,844,306</u>

c. Subleased Assets

Movement in subleased assets during the period/year is as follows:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Net subleased assets at beginning of the period / year	24,074,505	23,482,995
Finance income	356,555	591,510
Payments received during the period / year	-	-
	<u>24,431,060</u>	<u>24,074,505</u>
Less: Current portion of net subleased assets	(19,607,429)	(17,600,070)
Non-Current portion of net subleased assets	<u>4,823,631</u>	<u>6,474,435</u>

9. INVESTMENT IN ASSOCIATE

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

The balances of the investment in associate as at 30 September 2022 and 31 December 2021 are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Effective ownership interest (%)</i>		<i>Carrying value</i>	
		<i>30 September 2022 (Unaudited)</i>	<i>31 December 2021 (Audited)</i>	<i>30 September 2022 (Unaudited)</i>	<i>31 December 2021 (Audited)</i>
Saudi French Company for Duty Free Operations and Management	Kingdom of Saudi Arabia	<u>40%</u>	<u>40%</u>	<u>-</u>	<u>-</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

9. INVESTMENT IN ASSOCIATE (continued)

During the period ended 30 September 2022 and year ended 31 December 2021, there was no movement in investment in associate as the Group has fully impaired the investment in associate.

The associate does not issue interim financial statements, accordingly the financial data below and the share of results for the nine-month period ended 30 September 2022 and 30 September 2021 are based on internal management reporting.

Below is the summary of the financial information of the associate as at 30 September 2022 and 31 December 2021:

<i>i) <u>Share in net assets</u></i>	30 September 2022 SR (Unaudited)	31 December 2021 SR (Audited)
Non-current assets	2,821,652	7,471,325
Current assets	135,157,344	92,672,387
Total assets	137,978,996	100,143,712
Non-current liabilities	3,231,454	2,521,799
Current liabilities	118,297,894	90,282,948
Total liabilities	121,529,348	92,804,747
Net assets	16,449,648	7,338,965
Group's share in net assets (40%)	-	-
<i>ii) <u>Share in (loss) / profit</u></i>	30 September 2022 SR (Unaudited)	30 September 2021 SR (Unaudited)
Revenue	282,750,228	27,119,718
Net income for the period	9,110,683	922,853
Company's share of loss for the period (40%)	-	-
Group's share of other comprehensive loss (40%)	-	-

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

10. TRADE AND OTHER RECEIVABLES

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Trade receivables - Due from related parties (note 16)	620,320,831	582,816,290
Trade receivables – Others	294,458,737	208,577,769
	914,779,568	791,394,059
Less: provision for expected credit losses (see movement below)	(125,424,491)	(126,596,732)
	789,355,077	664,797,327

- Trade receivables are measured at amortized cost.
- The Group does not have any collateral over receivables and are unsecured.
- 76% of the trade receivables is due from government or semi-government entities (31 December 2021: 79%).

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

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
At the beginning of the period / year	126,596,732	88,705,847
Charge during the period / year	2,716,309	37,894,043
Written off during the period / year	(3,888,550)	(3,158)
At the end of the period / year	125,424,491	126,596,732

11. SHARE CAPITAL

At 30 September 2022, the authorized, issued and paid-up capital is SR 820,000,000 divided into 82,000,000 equal shares at SR 10 each. (31 December 2021: SR 820,000,000 consists of 82 million shares of SR 10 each).

The shareholders and their percentage interests in the share capital of the Parent Company as at 30 September 2022 and 31 December 2021 are as follows:

<u><i>Name of Shareholders</i></u>	<i>No. of shares</i>	<i>Value in SR</i>	<i>Percentage Holding %</i>
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.4
General public	45,014,744	450,147,440	54.9
	82,000,000	820,000,000	100

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

(continued)

At 30 September 2022

12. STATUTORY RESERVE

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

During the nine-month period ended 30 September 2021, the Parent Company transferred the surplus amount of statutory reserve that exceeded 30% of its statutory reserve amounting to SR 107,835,879 to the accumulated losses account as approved by the General Assembly in their meeting dated 4 May 2021.

13. DIVIDENDS

The movement in the dividends payable during the period / year is as follows:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Balance at beginning of the period / year	1,180,930	1,260,985
Paid during the period / year	(16,081)	(80,055)
	<hr/>	<hr/>
Balance at end of the period / year	<u>1,164,849</u>	<u>1,180,930</u>

14. ZAKAT AND INCOME TAX

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Zakat payable	20,169,072	20,075,409
Advance income tax relating to foreign shareholding	(7,127,198)	(7,127,198)
	<hr/>	<hr/>
Net zakat and income tax payable	<u>13,041,874</u>	<u>12,948,211</u>

i) Movement in Zakat provision is as follows:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Balance at beginning of the period / year	20,075,409	18,645,913
Charge for the period / year	20,169,072	20,075,409
Adjustment related to prior years	(59,945)	(362,821)
Payments during the period / year	(20,015,464)	(18,283,092)
	<hr/>	<hr/>
Balance at end of the period / year	<u>20,169,072</u>	<u>20,075,409</u>

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

14. ZAKAT AND INCOME TAX (continued)

ii) Movement in income tax provision relating to foreign shareholding up to 2021 is as follows:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Balance at beginning of the period / year	(7,127,198)	(7,127,198)
Balance at end of the period / year	(7,127,198)	(7,127,198)

iii) Charge of the period ended 30 September 2022 and year ended 31 December 2021 is as follows:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Zakat charge for the period / year	20,169,072	20,075,409
Prior year adjustment	(59,945)	(362,821)
Total Zakat and income tax of the period / year	20,109,127	19,712,588

Status of assessments

The Parent Company has submitted its Zakat and tax declarations for the years from 2008 to 2021. For the period ended 31 December 2008, Zakat, Tax and Custom Authority (“ZATCA”) issued an assessment and the Parent Company filed an objection against the assessment which escalated to General Secretariat of Tax Committees (“GSTC”). For the years from 2015 to 2020, ZATCA issued assessments on which the Parent Company has filed an objection which has been escalated to GSTC.

15. TRADE AND OTHER PAYABLES

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Trade payables – Others	179,456,181	185,714,765
Trade payables – Due to related parties (note 16)	14,557,035	26,787,908
Accrued expenses	283,027,805	201,283,468
Dividend payable (note 13)	1,164,849	1,180,930
	478,205,870	414,967,071

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

16. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

<i>Name of Related party</i>	<i>Nature of transactions</i>	<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>	<i>2021</i>	<i>30 September</i>	<i>2021</i>
		<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Shareholders</i>					
Saudi Arabian Airlines Corporation	Sale of goods and services	387,269,275	239,507,406	976,356,247	679,312,510
	Services received	406,909	-	1,581,310	329,475
Abdulmohsen Alhokair Group for Tourism and Development	Sale of goods and services	-	-	-	55,766
	Services received	-	-	610	-
<i>Affiliates</i>					
Saudi Ground Services Company	Sale of goods and services	13,298,374	5,902,724	31,121,286	18,830,911
	Services received	771,887	1,264,516	1,584,803	1,550,163
Saudi Airlines Cargo Company	Sale of goods and services	1,657,975	1,849,867	5,386,058	5,953,330
	Services received	1,354,008	-	2,763,838	127,790
Saudi French Company for Duty Free Operations and Management	Sale of goods and services	1,881,602	601,306	5,001,744	1,612,685
Saudi Airlines Real Estate Development Company	Sale of goods and services	110,915	39,047	145,220	114,706
	Services received	-	-	-	249,650
Saudi Private Aviation	Sale of goods and services	4,633,315	9,764,310	19,132,776	24,539,877
Saudia Royal Fleet	Sale of goods and services	6,418,872	6,275,610	31,524,357	18,298,214
Saudia Aerospace Engineering Industries	Sale of goods and services	551,488	839,823	1,889,814	2,689,787
	Services received	-	-	-	247,861
Flyadeal Airlines Company	Sale of goods and services	2,616,632	1,171,141	6,683,261	3,997,011
Prince Sultan Aviation Academy	Sale of goods and services	32,028	-	32,028	-
Al Salam Aircraft Company	Sale of goods and services	91,851	91,565	368,972	366,061

SAUDI AIRLINES CATERING COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 30 September 2022

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

ii) Due from related parties comprised the following:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Saudi Arabian Airlines Corporation	495,580,479	472,553,062
Saudia Royal Fleet	56,396,836	49,122,210
Saudi Ground Services Company	38,819,347	18,417,884
Saudi Private Aviation	11,220,346	17,151,960
Saudia Aerospace Engineering Industries	9,421,336	8,622,808
Saudi French Company for Duty Free Operations and Management	4,833,519	4,811,787
Saudi Airlines Cargo Company	1,406,316	8,737,860
Flyadeal Airlines Company	1,241,967	1,464,864
Al Salam Aircraft Company	1,173,537	804,565
Prince Sultan Aviation Academy	81,928	49,901
Saudi Airlines Real Estate Development Company	145,220	1,079,389
	<u>620,320,831</u>	<u>582,816,290</u>

iii) Due to related parties comprised the following:

	<i>30 September 2022 SR (Unaudited)</i>	<i>31 December 2021 SR (Audited)</i>
Saudi Airlines Real Estate Development Company	13,554,426	23,788,449
Saudi Arabian Airlines Corporation	-	450,293
Saudia Aerospace Engineering Industries	-	1,091,285
Saudi Airlines Cargo Company	971,591	758,959
Saudi Ground Services Company	-	481,306
Abdulmohsen Alhokair Group for Tourism and Development	31,018	217,616
	<u>14,557,035</u>	<u>26,787,908</u>

iv) The total amount of compensation to key management personnel during the period is as follows:

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2022 SR (Unaudited)</i>	<i>2021 SR (Unaudited)</i>	<i>2022 SR (Unaudited)</i>	<i>2021 SR (Unaudited)</i>
Short term employee benefits	1,926,503	4,474,165	6,185,284	6,605,882
Post-employment benefits	24,300	76,950	85,050	113,400
Termination benefits	1,022,306	403,727	1,257,843	535,259
	<u>2,973,109</u>	<u>4,954,842</u>	<u>7,528,177</u>	<u>7,254,541</u>

The Parent Company's Board of Directors includes the Board and other Board related committees (Credit and Risk Management Committee and Audit Committee).

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

(continued)

At 30 September 2022

17. CONTINGENCIES AND COMMITMENTS

As at 30 September 2022 and 31 December 2021, the Group had the following commitments, letter of guarantees and contingencies:

	<i>30 September 2022 (Unaudited)</i>	<i>31 December 2021 (Audited)</i>
Capital commitments	<u>77,769,350</u>	<u>67,869,798</u>
Letter of guarantees	<u>61,143,324</u>	<u>60,823,906</u>

Letters of guarantee are issued by a bank on behalf of the Group to supplier and promises to meet any financial obligations to the supplier in the event of default and this requires the Group to place cash with the bank. As at 30 September 2022, the Group fully paid the amount against letters of guarantee, hence no further financial charges are payable.

18. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 7 November 2022G (corresponding to 13 Rabi Al-Thani 1444H).