

Saudi Airlines Catering Company's Announcement to Invite its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting)

The Board of Directors of Saudi Airlines Catering Company is pleased to invite its shareholders to attend the Ordinary General Assembly meeting (First Meeting) which will be held on Monday 28/08/1441H corresponding to 21/04/2020 at 07:00p.m. through Tadawulaty system in accordance to CMA`s circular No. (S/5/2109/20) dated on 21/07/1441H corresponding to 16/03/2020 to conduct all AGM meetings for listed companies remotely thru the new and modern technology tools and to suspend the attendance of all meetings in presence until further notice in line with the precautionary and exceptional measures to control the outbreak of Coronavirus (Covid-19) and to ensure common safety. The AGM meeting includes the following agenda items:

1. Vote on the Board of Directors' Annual Report for the fiscal year ending on 31st December 2019.
2. Vote on the financial statements of the Company for the year ending on 31st December 2019.
3. Vote on the external auditor report for the year ending on 31st December 2019.
4. Vote on the appointment of an external auditor in accordance with the recommendation of the Audit Committee for the financial audit and review of the Company's financial statements for the second, third, and 2020 year end, and the first quarter of 2021 and determining their fees (attached).
5. Vote on the discharge of the Board of Directors from the liability for their activities during the year 2019 until the date of this AGA meeting.
6. Vote on ratifying the Board of Directors' resolutions regarding the Board of Directors recommendation on distributing dividends for the year 2019 with the total amount valued at SR 455,100,000 with SR. 5.55 per share which represents 55.5% of the share capital paid(attached).
7. Vote on authorizing the Board of Directors' to distribute interim dividends on a biannual or quarterly basis for the fiscal year of 2020 and to determine the eligibility and distribution dates in accordance to the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies and in accordance with the Company's financial position, cash flows, and expansion and investment plans.
8. Vote on remuneration of the Board of Directors' members for the year ended on 31/12/2019 in accordance with the Board's annual report for the year 2019.
9. . Vote on the recommendation of the Board of Directors to appoint Mr. Fadi Majdalani (independent) member of the Board of Directors from the date of his appointment on 06/01/2020 to complete the current session of the Board until end of session on 25/01/2022, as a successor to the resigned board member His Excellency Mr. Fahd Bin Abdulmohsen Al-Rasheed (CV Attachment).
10. Vote 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 and due to his board membership in Strategic Catering Co. one the of Company's major shareholders, the nature of those transactions evolve around the performance of consultancy and administrative services by Newrest Holding Group, supply of manpower support services and leasing relationships for administrative offices for Strategic Catering Company, with a total amount of SR 9,821,076 for the year 2019, without any preferential conditions compared to the local market (attached).

11. Vote on the transactions and contracts concluded with Newrest Holding Group, within which SACC's Board Of Directors member Mr. Abdulkarim Al Soulamy (Board of Directors appointed for the current session, which took effect from 26/01/2019) holds direct interest due to his ownership in Newrest Holding Group, the nature of those transactions evolve around the performance of consultancy and administrative services by Newrest Holding Group, supply of manpower support services and leasing relationships for administrative offices for Strategic Catering Company, with a total amount of SR 9,821,076 for the year 2019, without any preferential conditions compared to the local market (attached).
12. Vote on the transactions and contracts concluded with Abdulmohsin Abdulaziz 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 Abdulmohsen Abdulaziz Al-Hokair Holding Group, the nature of those transactions evolve around the performance of several lease agreements of retail stores, with a total amount of SR 257,775 for the year 2019, without any preferential conditions compared to the local market (attached).
13. Vote on the transactions and contracts concluded with Gulf West Importing Co. Ltd., a company within which the Board of Directors member Eng. Abdulmohsin Abdulaziz Al Yahya (in which his membership ended on 25/01/2019 due to end of the previous Board term), holds direct interest as he owns controlling shares and the CEO of Gulf West Importing Co. Ltd., for the nature of those transactions evolve around the performance of supplying raw materials and consumable goods to the company, with a total amount of SR 4,401,978 for the year 2019, without any preferential conditions compared to the local market (attached).
14. Vote on the transactions and contracts concluded with Emaar The Economic City, within which SACC's Board of Director member Mr. Fahd Abdulmohsin Al Rasheed (in which his membership ended on 06/12/2019 due to his resignation from the Board) holds indirect interest as he is a member of its Board of Directors, for the nature of those transactions evolve around the performance of lease agreements for the automatic laundry facility of the Company, and for the residential units of the Company's employees, with a total amount of SR 2,395,009 for the year 2019, without any preferential conditions compared to the local market (attached).
15. Vote on the transactions and contracts concluded with Emaar The Economic City, within which SACC's Board of Directors member Eng. Abdullah Taibah (in which his membership ended on 25/01/2019 due to end of the previous Board term) holds indirect interest as he is a Board of Directors member, for the nature of those transactions evolve around the performance of lease agreements for the automatic laundry facility of the Company, and for the residential units of the Company's employees, with a total amount of SR 2,395,009 for the year 2018, without any preferential conditions compared to the local market (attached).
16. Vote on amending article (31) of the Company's corporate governance manual concerning the Board of Directors' remuneration (attached).
17. Vote on amending article (51) of the Company's corporate governance manual concerning the Audit Committee remuneration (attached).
18. Vote on amending article (58) of the Company's corporate governance manual concerning the Nomination & Remuneration Committee remuneration (attached).



Each shareholder registered in the shareholders register in the Securities Depository Center at the end of trading preceding prior to the Ordinary General Assembly Meeting, have the right to attend the Ordinary General Assembly Meeting thru the services of Tadawulaty as per the Laws and Regulations,. Furthermore, the right to register the attendance for the Assembly meeting ends when the Ballot Collection and Counting Committee completes the counting of votes.

The quorum necessary for this Ordinary General Assembly meeting is shareholders representing 25% of the Company's capital; however, if the quorum was not present for the first meeting, a second meeting will convene an hour after the allocated time slot of the first, and that meetings' quorum will valid regardless of the number of shares represented in it..

Moreover, please note that the shareholders are able to electronically vote on agenda items through the services of Tadawulaty starting from Thursday 17/04/2020G corresponding to 24/08/1441H at 10:00 a.m. until 04:00 p.m. of the day of the Ordinary General Assembly, and the electronic voting mechanism is available with no cost for all shareholders through the following link: www.tadawulaty.com.sa.

For more information, please contact Investor Relation Department via 0122339400 Ext 8185 or by email board.secretariat@Saudiacatering.com.

Audit Committee report for 2019G

-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 2018, 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 27th January, 2019.

01-01 Members of the Audit Committee

A) Members of the Audit Committee for current session

Hasan Shakib Al Jabri,

Chairman of the Audit Committee

Current positions

- CEO of the Saudi Economy and Development Holding Company for Securities SEDCO
- Member of the Board of Directors of Elaf Travel & Tourism - Elaf Group
- Vice Chairman and Chairman of the Executive Committee of the Dar Al Tamlek Company, which is a closed joint stock company providing housing financing solutions.

- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company.
- Member of the Board of Directors of the Arab Petroleum Products Trading Company (APSCO)

Previous positions

- Chairman of the Board of Directors of SEDCO Luxembourg for Financial Investments
- Chairman of the board of SEDCO Capital International Funds for Financial Investments.
- Member of the Board of Directors of Ahmed Mohamed Salah H. Baeshen & Co.
- Member of the Board of Directors, Roots Group Arabia.
- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company.
- Board member and head of investment banking business and managing director of Al-Ahly Capital.
- Head of Corporate Banking Department at National Commercial Bank.
- Deputy CEO of the Dar Al-Maal Al-Islami Trust
- CEO of the Saudi Economy and Development Company for Securities SEDCO
- An official Responsible in the Saudi American Bank (Samba Financial), in which during this period he held several positions, the last of which was the President 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

Al-Jabri has more than 30 years of experience in the banking sector, where he worked in administrative roles since 1984, where he held the position of a responsible manager in the Saudi American Bank (Samba Financial) in which during this period 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. He also served as the executive vice president of the Islamic Finance House group, from which he was delegated to manage and merge a number of its banks, 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, As Al Jabri participate in the membership of the boards of directors of several companies including Elaf Group for Hospitality and Tourism, Dar Al Tamlik, creativity Bank (Bank of non-profit micro-finance) and Saudi Arabia opportunities Astthiar.

Raed Ibrahim Al Mudaiheem

Member of Audit committee,

Current positions

- Board Member, 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)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Vice-Chairman of the Director of Al Yamamah Steel, KSA (Listed)
- Board Member, Al Muhaidib Group, KSA (Ltd.)

Previous positions

- CEO of Masdar Building Materials, KSA (JCC)

- 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.

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 Co. and Senior Advisor to His Excellency the Minister of Labor.

B) Members of the Audit Committee as of 25/01/2019

Ayman Tarik Al-Tayyar

Board member (Non-Executive), Member of Audit Committee

Current positions

- Executive Vice President Head, NCB Private Banking, KSA (Listed)
- Board Member, Program of Advisory – Dar Al Hekma University, KSA (Ltd.)

Previous positions

- Executive Vice President Head Lease Finance, National Commercial Bank, KSA (Listed)
- Executive Vice President Head Branch Banking, National Commercial Bank, KSA (Listed)

Academic qualifications

Bachelor's of Business Administration, Marketing, University of Montana

Professional experience

Ayman Al-Tayyar has over 22 years of experience in the banking sector, working in management roles from 1996-2001 and later holding the positions of senior manager personal banking (2001-2003) and senior executive manager (2004-2006), SABB Head Office. Due to his continued development and expertise he joined NCB as executive vice president and headed the Islamic branch network in 2006. From 2012 to 2016 he has held the position of executive vice president and head of Lease Finance division. Currently, he has been tasked to lead the Private Banking Division. Ayman Al-Tayyar graduated from the University of Montana, USA, in 1993 with a Bachelor's Degree in business administration majoring in marketing. As part of his professional development he has attended many banking sector executive management training programs at Harvard University, Stanford University, Darden Business School, London Business School and HSBC Executive Management program throughout his career at reputed institutions in the UK and the United States.

Khaled Ali Otain

Member

Current positions

- CEO and Managing Partner of International Accountants
- Member of Accounting Standards Committee at the Saudi Organization for Certified Public Accountants (SOCPA)
- Member of the Exam Committee at the Saudi Institute for Internal Auditors

Previous positions

- Independent Auditor Ernst and Young
- Independent Auditor TAG
- Audit Committee member, Mohammed Abdulaziz AlRajhi Group

Academic qualifications

- BSc in Accounting, King Saud University
- Certified Public Accountant (SOCPA)
- Certified Management Accountant (CMA)
- Certified Fraud Examiner (CFE)
- Certified Financial Consultant (KSA)
- Certified Administrative Consultant (KSA)

Professional experience

Over the last 20 years, Otain has developed extensive in-depth knowledge and experience in practices involving assurance, taxation, litigation cases, IT and corporate governance. Otain is an approved Arbitrator in financial disputes by the Ministry of Justice in Saudi Arabia.

Before joining International Accountants, he served in key positions as an active member of the senior management team with a number of international accounting firms and major oil & gas companies. Also, he has participated as an audit committee member in number of major and listed companies.

Otain has a rich experience in the field of accounting, assurance, tax and related areas gained through working with diversified industries in the MENA region.

01-02 Table of Audit Committee meetings

Name	Nature of Membership	Number of Meetings (4)				Total
		17/02/2019	28/04/2019	29/07/2019	24/10/2019	
Hasan Al Jabri	Chairman	✓	✓	* ✓	✓	4
Raed Al-Mudaiheem	Member	✓	✓	* ✓	✓	4
Mohamed Ikhwan	Member	* ✓	* ✓	✓	✓	4
Ayman Al Tayyar**	Member	x	x	x	x	0
Khaled Otain**	Member	x	x	x	x	0

* Attendance by phone conversation.

** Members of the Audit Committee whose membership ended on 01/25/2019 in the previous session of the Committee, bearing in mind that the Committee did not hold any meeting during the period ending 01/25/2019 any meeting during the period between 01/01/2019 to 01/25/2019.

01-3 Remuneration of the Audit Committee members SAR

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Hasan Al Jabri	92852	6,000	98,852
Raed Al-Mudaiheem	100,000	6,000	106,000
Mohammed Ikhwan	92852	3,000	95,852
Ayman Al Tayyar	6,849	-	6,849
Khaled Otain	6,849	-	6,849
Total	299,402	15,000	314,402

* Members of the Audit Committee whose membership ended on 01/25/2019 in the previous session, bearing in mind that the Committee did not hold any meeting during the period between 01/01/2019 to 01/25/2019.

* The remuneration of the audit committee members were calculated for the period from 01/01/2019 to 08/05/2019 according to the current remuneration policy while it has been calculated according to the new remuneration policy recommended for the period from 06/08/2019 to 31/12/2019, the remunerations mentioned above have been calculated in proportion and proportion according to each committee member membership and is subject to SACC General Assembly during its next meeting, and the fixed rewards in the above table.

01-4 The Audit Committee report for the year 2019

The Audit Committee confirm that during 2019 the adequacy of the internal and financial control system and risk management in order to achieve the system's ability to protect the company's assets and ensure the efficiency and integrity of financial and non-financial procedures and processes and to achieve its goals, and the commitment of the administrative authorities and their employees to the regulations issued by government agencies and related regulatory authorities.

During the year 2019G, the audit committee did not recommend the appointment of an internal auditor of 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 .



**Vote on the external auditor report for the year ending on
31st December 2019.**



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License No. 46/11/323 Issued 11/3/1982

Independent auditors' report

To the Shareholders of Saudi Airlines Catering Company

Opinion

We have audited the financial statements of Saudi Airlines Catering Company ("the Company"), which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, to the financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its 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 issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Refer to note 4 for the accounting policy and note 23 for the related disclosure.

Key audit matter

As at December 31, 2019, the Company recognized total revenue of SR 2,156 million (2018: SR 2,036 million).

There continues to be pressure on the Company to meet expectations and targets, which may result in a misstatement of revenue.

How the matter was addressed in our audit

We performed the following procedures in relation to revenue recognition:

- Assessed the appropriateness of the Company's revenue recognition accounting policies by considering the requirements of IFRS - 15 "Revenue from Contracts with Customers."



Independent auditors' report

To the Shareholders of Saudi Airlines Catering Company (continued)

Revenue Recognition (continued)

Key audit matter

Revenue recognition is considered a key audit matter as there is a risk that management may override controls to misstate revenue transactions.

How the matter was addressed in our audit

- Assessed the design and implementation, and tested the operating effectiveness of the Company's controls, including anti-fraud controls, over the recognition of revenue as per the Company's policy;
- Inspected sales transactions, on a sample basis taking place at either side of the year-end to assess whether revenue was recognized in the correct period;
- Selected, on a sample basis, revenue transactions and verified the related supporting documents, which included signed agreements and customer signed acknowledgement, to ensure the accuracy and validity of revenue recognition.

Impairment of Trade Receivables

Refer to notes 3 and 4 for the accounting policy and note 13 for the related disclosure.

Key audit matter

As at December 31, 2019, the Trade Receivables balance was SAR 868 million (2018: SAR 950 million)

The Company assesses at each reporting date whether the financial assets carried at amortized cost are credit impaired, and consequently measures impairment allowances based on the Expected Credit Loss (ECL) model as envisaged in IFRS 9.

The ECL model involves the use of various assumptions, covering both future macro-economic factors and the study of historical trends.

We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model.

How the matter was addressed in our audit

We performed the following procedures in relation to the impairment allowance of trade receivables:

- Reviewed management's assessment of the impairment of trade receivables and the ECL model, and assessed the appropriateness of the assumptions used.
- Tested significant assumptions, including those related to historical trends and future economic events that were used to calculate the likelihood of default and the expected loss on default and tested the arithmetical accuracy of the ECL model and appropriateness of allowance recorded.
- We also evaluated the adequacy of the disclosures included in the accompanying financials statements.



Independent auditors' report

To the Shareholders of Saudi Airlines Catering Company (continued)

First-time adoption of IFRS 16 "leases"

Refer to notes 3 and 4 for the accounting policy and note 9 for the related disclosure.

Key audit matter	How the matter was addressed in our audit
<p>The Company adopted IFRS 16 "Leases" with effect from 1 January 2019 which superseded the requirements of IAS 17.</p> <p>IFRS 16 introduces a new lease accounting model, where lessees are required to recognise a right of use (ROU) asset and a lease liability arising from a lease, in the Statement of Financial Position.</p> <p>The Company has applied IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 is recognised as an adjustment to the opening Retained Earnings at 1 January 2019, with no restatement of comparative information.</p> <p>As a result, as at 1 January 2019, the Company has recorded Right of Use (ROU) assets of SR 611.6 million, lease liabilities of SR 587.4 million, and a decrease in retained earnings of SR 17.6 million.</p> <p>Significant judgement is required in the assumptions and estimates made in order to determine the ROU asset and lease liability. The assumptions and estimates include identifying contracts that meet the lease definition, assessment of the lease term, and the determination of appropriate discount rates. The adjustments arising from applying IFRS 16 are material to the Company and as a result the adoption of IFRS 16 has been identified as a key audit matter.</p>	<p>We performed the following procedures in relation to the implementation of IFRS 16:</p> <ul style="list-style-type: none">• Reviewed the impact assessment report provided by the Company in respect of classification and measurement of its right of use assets and lease liabilities and assessed the approach taken towards implementation of IFRS 16.• Verified the accuracy of the underlying lease data by agreeing a sample of leases to the original contract and other supporting information.• Tested lease schedules, on a sample basis, by recalculating the amounts underlying the right of use assets and lease liabilities, based on the terms of the lease contracts and checked the arithmetical accuracy of those individual lease schedules.• Assessed the appropriateness of the discount rates applied by management in determining lease liabilities.• Tested, on a sample basis, contracts exempted from recognition under IFRS 16 and insured the appropriateness of excluding them from the assessment.• Verified the completeness of the list of contracts included in the management's assessment.• Assessed the appropriateness of the disclosures made in the financial statements.



Independent auditors' report

To the Shareholders of Saudi Airlines Catering Company (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.



Independent auditors' report

To the Shareholders of Saudi Airlines Catering Company (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 of Saudi Airlines Catering Company ("the Company").

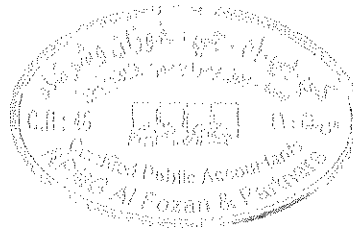
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 KPMG Al Fozan & Partners
Certified Public Accountants**

Ebrahim Oboud Baeshen
License No: 382

Jeddah, Rajab 1, 1441H
Corresponding to February 25, 2020





Vote on the appointment of an external auditor in accordance with the recommendation of the Audit Committee for the financial audit and review of the Company's financial statements for the second, third, and 2020 year end, and the first quarter of 2021 and determining their fees for the following candidate:.

- 1. Price Waterhouse Coopers**
- 2. KPMG Al Fozan & Partners**

Vote on ratifying the Board of Directors' resolutions regarding the Board of Directors recommendation on distributing dividends for the year 2019 with the total amount valued at SR 455,100,000 with SR. 5.55 per share which represents 55.5% of the share capital paid(attached).

Dividend Policy

- a. 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.
- b. Dividends are distributed based on the following:
 1. 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.
 2. 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.
 3. 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.
 4. Dividends are then distributed to shareholders with a minimum amount that is equal to 5% of the paid-up capital.
 5. 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.

SACC distributed SAR 340,3 million in the first three quarters of 2019, which equals 41,5% from total share capital and before Zakat and income tax, It was decided to distribute 114.8 million Saudi riyals for the fourth quarter of 2019, which is equivalent to 14% from total share capital.

23-2 The Company has distributed the following dividends during 2019 (in SAR):

Distribution date	30/06/2019	12/09/2019	11/12/2019	Total
Percentage	13%	13.5%	15%	41.5%
Amount	106,600,000	110,700,000	123,000,000	340,300,000

Vote on the transactions and contracts concluded with Related parties

Related party	Its relation with the Company
Newrest Holding Co.	The main owner of Strategic Catering Company, one of the biggest shareholders of the company and membership in Board of Directors Jonathan Stent-Torriani and the Board Director Mr. Abdulkarim Essolami
Sami Abdul Mohsin Al-Hokair Group	One of major shareholders of the Company and member of Board of Directors Sami Abdul Mohsin Al-Hokair
Gulf West Company	According to membership of the Eng. Abdulmohsin Al Yahya in the company, as he is the owner and CEO of West Gulf Company
Emaar, the Economic City	Fahad Al-Rasheed is a Board member at SACC and the CEO and Managing Director at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company

Income and expenses in SAR from related parties during 2019

	Income	Expense
Abdulmohsen Abdulaziz Al-Hokair Holding Group	104.386	104,386
Newrest Group Holding S.L.	9.821.076	9,821,076
Emaar the Economic City	2.395.009	2,395,009
Gulf West Co.	4.401.978	4,401,978

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

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Management and Consultancy Services with Newrest Group Holding S.L.	Estimated value according to the service	This contract took effect on January 1st, 2017 and expires on December 31st, 2022	No preferential conditions compared to local market	Jonathan Stent-Torriani is a Board member at SACC and a founding partner and Co-CEO at Newrest Group Holding S.L.
Management and Consultancy Services with Newrest Group Holding S.L.	Estimated value according to the service	This contract took effect on January 1st, 2017 and expires on December 31st, 2022	No preferential conditions compared to local market	Abdulkarim Essolami is a mutual Board member at SACC and Shareholder and a Board member of Newrest Co. in Morocco
Supply of Manpower Support Services	Estimated value according to the service	This contract took effect on November 10th, 2014 and ends on November 09th, 2020	No preferential conditions compared to local market	Jonathan Stent-Torriani is a Board member at SACC and a founding partner and Co-CEO at Newrest Group Holding S.L.

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
Supply of Manpower Support Services	Estimated value according to the service	This contract took effect on November 10th, 2014 and ends on November 09th, 2020	No preferential conditions compared to local market	Abdulkarim Essolami is a mutual Board member at SACC and Shareholder and a Board member of Newrest Co. in Morocco
Leasing relationships for administrative offices for Strategic Catering Company	14,000 Saudi Riyal	This contract took effect on August 1 st 2018 and ends on July 31st, 2020	No preferential conditions compared to local market	Jonathan Stent-Torriani is a Board member at SACC and a founding partner and Co-CEO at Newrest Group Holding S.L.
Leasing relationships for administrative offices for Strategic Catering Company	14,000 Saudi Riyal	This contract took effect on August 1 st 2018 and ends on July 31st, 2020	No preferential conditions compared to local market	Abdulkarim Essolami is a mutual Board member at SACC and Shareholder and a Board member of Newrest Co. in Morocco
Commercial transactions for retail shops with Abdulmohsen Abdulaziz Al-Hokair Holding Group	Estimated value according to the service	This contract took effect on August 15th, 2014 and expires on August 14th, 2020	No preferential conditions compared to local market	Sami Al-Hokair is a Board member at SACC and the Managing Director at Abdulmohsen Abdulaziz Al-Hokair Holding Group
Catering Service to Hilton Double Tree Hotel in Riyadh	Estimated value according to the service	This contract took effect on March 01 st , 2018 and ends on December 31st, 2020	No preferential conditions compared to local market	Sami Al-Hokair is a Board member at SACC and the Managing Director at Abdulmohsen Abdulaziz Al-Hokair Holding Group
Raw material and consumption goods import agreement with Gulf West Co	Provisional based on orders	This contract took effect on February 22nd, 2015 and expires on December 31st, 2020	No preferential conditions compared to local market	Abdulmohsen Al-Yahya is a Board member at both SACC and Gulf West Co.
Building and residential units commercial transactions with Emaar the Economic City Company	Provisional based on orders	This contract took effect on January 1st, 2018 and expires on December 31st, 2020	No preferential conditions compared to local market	Fahad Al-Rasheed is a Board member at SACC and Board Member at Emaar Economic City Company
Building and residential units commercial transactions with Emaar the Economic City Company	Provisional based on orders	This contract took effect on January 1st, 2018 and expires on December 31st, 2020	No preferential conditions compared to local market	Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company
Lease Agreement with Emaar the Economic City Company for Single Unit – Al Waha – for Saudi Laundry Services Maintenance Manager	66,600 SAR	This contract took effect on January 5th, 2017 and expires on January 4th, 2020	No preferential conditions compared to local market	Fahad Al-Rasheed is a Board member at SACC and Board Member at Emaar Economic City Company



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 with Emaar the Economic City Company for Single Unit – Al Waha – for Saudi Laundry Services Maintenance Manager	66,600 SAR	This contract took effect on January 5th, 2017 and expires on January 4th, 2020	No preferential conditions compared to local market	Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company
Lease Agreement with Emaar the Economic City Company for Saudi Laundry Services land	2,508,876 SAR	This contract took effect on February 1st, 2012 and expires on January 30th, 2032	No preferential conditions compared to local market	Fahad Al-Rasheed is a Board member at SACC and the Board Member at Emaar Economic City Company.
Lease Agreement with Emaar the Economic City Company for Saudi Laundry Services land	2,508,876 SAR	This contract took effect on February 1st, 2012 and expires on January 30th, 2032	No preferential conditions compared to local market	Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company

Vote on amending article (31), article (51) and article (58) of the Company's corporate governance manual concerning the Board of Directors' and committees members remuneration (attached).

Articles before amendment	Articles After amendment
<p>Article # 31 Board of Directors' remuneration</p> <p>A- In accordance with Article 76 of the Companies Regulations and in accordance to the Company's Bylaws (Article 22), the Company's bylaws shall specify the manner of remunerating Directors. Such remuneration may consist of specified salary, or of a certain percentage of the profit, or of a combination of two or more of these benefits.</p> <p>B- Each member of the Board of Directors shall be entitled to annual bonuses of SR 200,000 two thousand riyals per member. However each committee member shall be entitled to annual bonuses of SR 100,000 riyals, in addition each board or committee member entitle to get amount of three thousand (SR 3000) riyals as compensation of attending meetings of the Board or committees, at all event, total of remunerations and compensations should not exceed these allocations (SR 500,000 riyals) per year for each member.</p> <p>C- In the remuneration of Board members, certain criteria related to the performance should be taken in consideration, such as board's meetings attendance.</p> <p>D- Directors who are employees of the Company shall not receive any compensation for their services as Directors. Directors who are not employees of the Company cannot enter into any consulting arrangements with the Company without the prior approval of the Board. Directors who serve on the Audit Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting,</p>	<p>Article # 31 Board of Directors' remuneration</p> <p>A- In accordance with Article 76 of the Companies Regulations and in accordance to the Company's Bylaws (Article 22), the Company's bylaws shall specify the manner of remunerating Directors. Such remuneration may consist of specified salary, or of a certain percentage of the profit, or of a combination of two or more of these benefits.</p> <p>B- Each member of the Board of Directors shall be entitled to annual bonuses of SR 300,000 three thousand riyals per member. However each committee member shall be entitled to annual bonuses of SR 100,000 riyals, at all event, total of remunerations and compensations should not exceed these allocations (SR 500,000 riyals) per year for each member.</p> <p>C- In the remuneration of Board members, certain criteria related to the performance should be taken in consideration, such as board's meetings attendance.</p> <p>D- Directors who are employees of the Company shall not receive any compensation for their services as Directors. Directors who are not employees of the Company cannot enter into any consulting arrangements with the Company without the prior approval of the Board. Directors who serve on the Audit Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting, legal, investment or financial advisory services to the Company. Further, the Company shall not contribute to charitable organizations with which a</p>

<p>legal, investment or financial advisory services to the Company. Further, the Company shall not contribute to charitable organizations with which a Director is affiliated.</p> <p>E- Any violation of the determination of wages is null and void.</p>	<p>Director is affiliated.</p> <p>E- Any violation of the determination of wages is null and void.</p>
<p>Article 51: Remuneration of the Committee</p> <p>A. Each member of the Committee shall be entitled to the following bonuses:</p> <ol style="list-style-type: none"> 1. Attendance allowance for each meeting of three thousand (3,000) riyals per meeting attended. 2. Annual bonus of one hundred thousand (100,000) Riyals per year. 3. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member as attending the meetings. <p>B. Members of the Committee who reside outside the Company's official website shall be entitled to compensation for all expenses incurred by them to attend the meeting, provided that such expenses are reasonable and acceptable in accordance with business standards such as travel, meals, accommodation and other expenses incurred specifically for the purpose of work.</p> <p>C. The Board of Directors shall submit to the General Assembly a reports contain of bonuses and other payments made to the members of the Committee.</p>	<p>Article 51: Remuneration of the Committee</p> <p>A. Each member of the Committee shall be entitled to the following bonuses:</p> <ol style="list-style-type: none"> 1. Annual bonus of one hundred thousand (100,000) Riyals per year. 2. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member as attending the meetings. <p>B. Members of the Committee who reside outside the Company's official website shall be entitled to compensation for all expenses incurred by them to attend the meeting, provided that such expenses are reasonable and acceptable in accordance with business standards such as travel, meals, accommodation and other expenses incurred specifically for the purpose of work.</p> <p>C. The Board of Directors shall submit to the General Assembly a reports contain of bonuses and other payments made to the members of the Committee.</p>
<p>Article 58: Remuneration of the Committee</p> <p>A- Each member of the Committee is entitled to the below compensation:</p> <ol style="list-style-type: none"> 1- Attendance allowance for each meeting of three thousand (3,000) riyals per meeting attended by 	<p>Article 58: Remuneration of the Committee</p> <p>A- Each member of the Committee is entitled to the below compensation:</p> <ol style="list-style-type: none"> 1- Annual bonus of one hundred thousand (100,000) Riyals per year.

<p>the member.</p> <p>2- Annual bonus of one hundred thousand (100,000) Riyals per year.</p> <p>3. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member as attending the meetings.</p> <p>B- Committee members who are resident outside the Company's Registered Office location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such out of pocket expenses will include reasonable, customary and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.</p> <p>C- Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.</p>	<p>2. In the remuneration of the members of the Committee, performance-related criteria, such as the remuneration or part thereof, must be considered in relation to the performance of the member as attending the meetings.</p> <p>B- Committee members who are resident outside the Company's Registered Office location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such out of pocket expenses will include reasonable, customary and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.</p> <p>C- Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.</p>
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