

Saudi Airlines Catering Company Annual Report 2020

**DIVERSIFY AND
ACCELERATE**

ANNUAL REPORT 2020

ESTABLISHED IN 1981 TO PROVIDE CATERING SERVICES TO THE KINGDOM'S FLAG CARRIER SAUDIA, SAUDI AIRLINES CATERING COMPANY (SACC) HAS BLOSSOMED INTO A BROAD AND DIVERSIFIED ENTERPRISE OFFERING A FULL SUITE OF FOOD AND BEVERAGE, RETAIL, HOSPITALITY, AND SUPPORT SERVICES TO LOCAL AND INTERNATIONAL CLIENTS.

Our three Operational Divisions



IN-FLIGHT CATERING

Read more about how we are optimizing on page 22.



RETAIL

Read more about how we are transforming on page 26.



CATERING & FACILITIES

Read more about how we are growing on page 24.

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Financial highlights

Revenue (SAR)

927 MILLION

Loss per share (SAR)

(4.06)

Pay-out ratio

(34%)

Net loss after Zakat and Income Tax (SAR)

(335 MILLION)

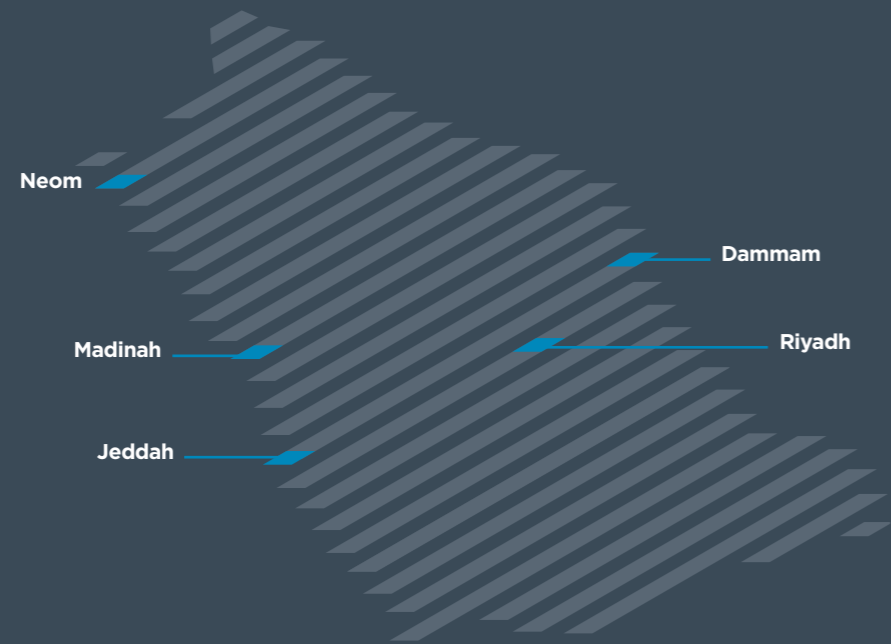
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At a Glance

Over the last 39 years, we have forged a proud legacy built on lasting partnerships, charting an ambitious path to diversify and accelerate into the future, in order to build on our strengths and deliver sustainable growth and profitability for years to come.

Where we operate



1980s

1981

- Inception of SACC by Saudi Arabian Airlines at King Abdul Aziz International Airport in Jeddah

1983

- Launch of Riyadh operations in King Khalid International Airport

1984

- Launch of Egyptian operations in Cairo International Airport

1985

- Takeover of SkySales

1990s

1999

- Launch of Dammam operations in King Fahad International Airport

2000s

2001

- Launch of Madina operations in Prince Mohammad Bin Abdulaziz Airport

2006

- Takeover of Alfursan lounges

2007

- Royal Decree for privatization

2008

- Privatization and establishment of SACC as a limited liability company
- Launch of non-airlines support services, later renamed Catering & Facilities

2010s

2011

- Conversion to a joint stock company following a decision of the Minister of Commerce and Industry
- Launch of Central Production Unit (CPU) in Riyadh

2012

- Initial Public Offering (IPO) of SACC on Tadawul stock exchange

2013

- Launch of Saudi Laundry Services (SLS) in Riyadh

2014

- Launch of SkySales e-commerce via www.skysalesonline.com
- Signing of first rail contract for services onboard
- Extension of Saudia contract for five additional years

2015

- Introduction of electronic bidding system for food items
- Opening of SkySales shops in KSA airports

2016

- Strategic partnership with leading European duty-free group Lagardère
- Launch of state-of-the-art laundry facility in King Abdullah Economic City (KAEC)
- Introduction of Wellcome Lounge concept in King Khalid International Airport Terminals 1 and 2

2017

- Opening of first international Saudia Alfursan lounge in Cairo International Airport

2018

- Initiation of digital transformation program

2019

- Extension of Saudia contract for 10 additional years
- Entrance into the Sports and Entertainment sector through a catering and sponsorship agreement for Rally Dakar Saudi Arabia 2020
- Signing a new 10 year contract with Saudia to design, build and operate the domestic Alfursan Lounge in Jeddah's new Airport

2020s

2020

- Launch of new corporate strategy
- Protecting our people during COVID-19
- Multi-year catering partner for Dakar Rally
- Winning high-profile B&I contracts
- Exclusive caterer for Hajj pilgrims

Chairman's Statement

DIVERSIFY AND ACCELERATE

It is with great pleasure that I present this Annual Report of Saudi Airlines Catering Company for 2020. Despite the challenging circumstances witnessed this year, we have remained resilient in the face of the extensive headwinds generated by the COVID-19 pandemic, continuing to diversify our business, as we accelerate the Company's strategic transformation.



"IN ADVERSITY THERE IS ALWAYS OPPORTUNITY, AND THROUGHOUT THE YEAR THE COMPANY HAS SUCCESSFULLY RAMPED UP THE PACE OF ITS ONGOING JOURNEY OF DIVERSIFICATION, TRANSFORMATION AND IMPROVEMENT."

Our industry and our Company have faced the most difficult operating environment of our history over the course of 2020. SACC generated SAR 927 million in revenue and recorded a net loss of SAR 335 million during the year, while implementing a wide range of cost efficiency measures and launching new revenue streams to counteract the reduced revenues for the year.

Our In-Flight Catering division delivered an annual revenue of SAR 647 million, while our Retail division generated an annual revenue of SAR 65 million, and Catering & Facilities generated SAR 196 million in revenue during 2020, benefiting from its ongoing diversification of the division.

Opportunity in Adversity

Although the challenges of the year led to the closure of some of the Company's revenue streams, we have also launched operations to capitalize on a number of new avenues for profit and growth, ending the year with a resurgent energy and strength that stands us in an excellent position for further success in 2021.

In adversity there is always opportunity, and throughout the year the Company has successfully ramped up the pace of its ongoing journey of diversification, transformation and improvement, branching out further into the food & beverage (F&B) and events sectors and further reducing our dependence on in-flight catering.

Through our new Corporate Strategy, we will focus on creating greater balance between our in-flight catering and other business activities, by optimizing IFC, growing C&F, transforming Retail and exploring new organic and inorganic growth opportunities that leverage the strength and scale of our business.

We also prioritized the health and wellbeing of our employees during this difficult year, availing the government SANED program to avoid any COVID-19 related layoffs, enhancing medical services and communications to increase awareness and minimize risks, and moving employees across the various business lines to ensure appropriate staffing levels and ensure continuity of service to our valued customers.

Total Revenue

SAR
927 MILLION

In-Flight Catering Revenue

SAR
647 MILLION

Retail Revenue

SAR
65 MILLION

Catering & Facilities Revenue

SAR
196 MILLION

Chairman's Statement continued

THROUGH OUR NEW CORPORATE STRATEGY, WE WILL FOCUS ON CREATING GREATER BALANCE BETWEEN OUR IN-FLIGHT CATERING AND OTHER BUSINESS ACTIVITIES, BY OPTIMIZING IFC, GROWING C&F, TRANSFORMING RETAIL AND EXPLORING NEW ORGANIC AND INORGANIC GROWTH OPPORTUNITIES THAT LEVERAGE THE STRENGTH AND SCALE OF OUR BUSINESS.

Robust Risk Management and Governance

SACC is committed to executing achieving its corporate Vision and Mission whilst minimizing exposure to risks relating to compliance, operations and people. We are also fully committed to protecting our assets and employees, as well as to maintaining business continuity.

In 2019, SACC launched an Enterprise Risk Management (ERM) function to enhance its risk management capabilities and integration across the Company. As of the end of 2020, SACC had completed two of the initiative's three phases: establishing ERM awareness and completing framework design; and risk assessment and mitigation. The final ERM implementation, monitoring and follow-up will be completed in 2021. A new department was also created under our Quality, Safety and Standards Control (QSSC) division to manage the ERM function.

Poised for a Dynamic Recovery

The Kingdom's response to the pandemic has been swift and decisive, and the gradual roll-out of vaccines means that we can now see light at the end of the tunnel, adding to hopes for an accelerated recovery in our core industries and the broader global economy.

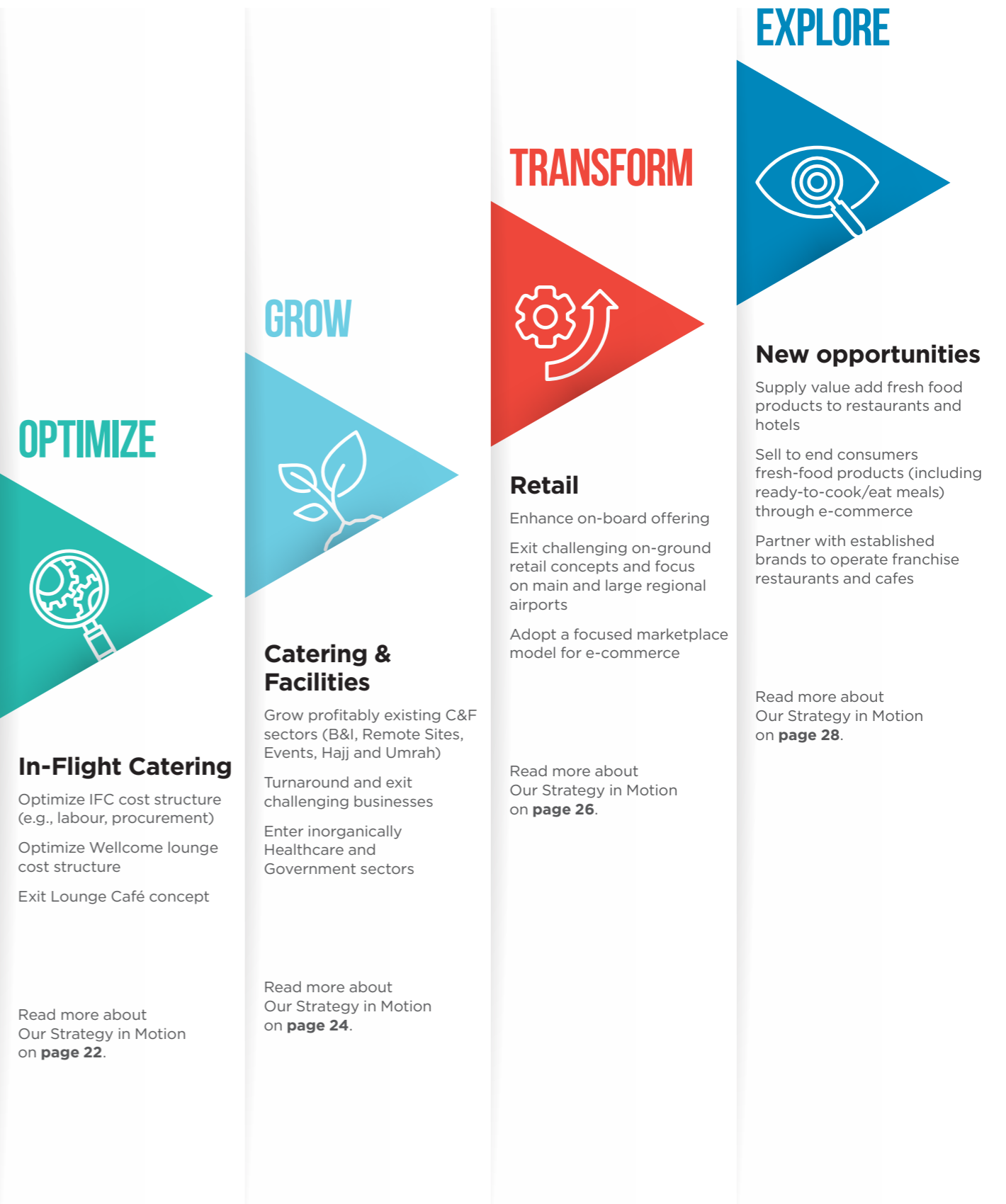
As the aviation and travel industries recover and rebound, SACC is well positioned for growth, having implemented a new long-term corporate strategy that focuses on sustainable diversification built on our core businesses of catering & hospitality.

On behalf of the Board of Directors, I would like to take this opportunity to convey our gratitude to all our employees for their exceptional efforts during the year; their resilience and commitment to the Company's sustainability during this unprecedented year was instrumental in keeping SACC on course for success and is deeply appreciated.

Together, as we pursue our robust strategy going forward, we will continue to diversify and accelerate our recovery, delivering dependable value for our customers and the nation.

Mohammed Al-Sarhan
Chairman of the Board

Our new strategy – diversify and accelerate



Board of Directors



Mohammed Abdulaziz Al Sarhan
Chairman of the Board
(Independent)

Committee memberships

Member of the Nomination and Remuneration Committee

Member of the Executive Committee

Current positions

Chairman of the National Shipping Company of Saudi Arabia

Previous positions

Chairman of Al Faisaliah Holding Group
Chairman of Al Safi Danone Company Limited
Chairman of Ghassan Ahmed Al Sulaiman Furniture Company

Experience and qualifications

Mohammed Abdulaziz Al Sarhan has over 35 years of experience in diverse fields for both public and private sectors organizations. He began his career in the petroleum industry, gaining experience in various roles covering distribution and products. He also worked in the nutrition sector, professional services, transportation and logistics services, where he held several leadership positions. Over the years, he has taken part in numerous conferences, workshops, seminars and economic forums across Saudi Arabia and around the world. He previously served as Chairman of Al Safi Danone Company Limited and of Ghassan Ahmed Al Sulaiman Furniture Company, and is currently the Chairman of the National Shipping Company of Saudi Arabia.

Bachelor of Science, Oregon State University, USA



Sami Abdulmohsen Al-Hokair
Vice Chairman of the Board
(Non-Executive)

Committee memberships

Member of the Executive Committee

Current positions

Managing Director of Abdulmohsen Abdulaziz Al-Hokair Holding Group

Board Member of Abdulmohsen Abdulaziz Al-Hokair Holding Group

Chairman of Tanami Holding Company

Previous positions

Board Member of Catering and Strategic Co., KSA (Ltd.)

Member of the Tourism Committee of the Eastern Province, Kingdom of Saudi Arabia

Experience and qualifications

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

Bachelor of Administrative Science, King Saud University



Hasan Shakib Al Jabri
Board Member
(Independent)

Committee memberships

Chairman of the Audit Committee

Current positions

CEO of SEDCO Holding Group

Board Member of Elaf Travel & Tourism Company Ltd
Board Member of Arabian Petroleum Supply Co SA (APSCO)

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

Previous positions

Chairman of SEDCO Luxembourg for Financial Investments

Chairman of the Board of Directors of SEDCO Capital Global Funds for Financial Investments

Experience and qualifications

Hasan Shakib Al Jabri has more than 35 years of experience in the banking sector, holding several managerial and leadership positions in Saudi American Bank (Samba Financial), 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, and the Head of Corporate Banking, and Head of Investment Banking and Board Member of National Commercial Bank, and a Managing Director of NCB Capital. He is the CEO of SEDCO Holding Group and a Board Member of several organizations.

Bachelor in Agricultural Engineering, the American University of Beirut

Executive Management Program, Columbia University, USA



Raed Ibrahim Al Mudaiheem
Board Member
(Independent)

Committee memberships

Member of the Audit Committee,

Member of the Executive Committee

Current positions

Vice Chairman of Masdar Building Materials, KSA (JCC)

Chairman of United Mining Industries, KSA (JCC)

Previous positions

CEO of Masdar Building Materials, KSA (JCC)

Board Member of Arabian Pipes Co., KSA (Listed)

Experience and qualifications

Raed Ibrahim Al Mudaiheem has diversified engineering and managerial experience covering more than 30 years in both public and private sectors. Early in his career, he worked in a diverse range of engineering activities within the power and water sectors, then moved to the private sector and acquired experience in building materials (trading and manufacturing). He participated in many regional and international conferences, training courses, seminars and economic forums in management, finance, strategy and leadership. He is the Vice Chairman of Masdar Building Materials and Chairman of United Mining Industries in Saudi Arabia.

Bachelor in Electrical Engineering, King Saud University

Master's Degree in Electrical Engineering, King Saud University



Fadi Majdalani
Board Member
(Independent)

Committee memberships

Member of the Executive Committee

Current positions

Managing Partner, Excelsa Holding, Lebanon

Board Member, Ghassan Ahmad Al Sulaiman Furniture Trading Company, KSA

Previous positions

Board Member and Senior Partner, Strategy& (formerly Booz & Co.), UAE

Founder and Managing Partner, Delta Capital, Lebanon

Experience and qualifications

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

Bachelor of Engineering, American University of Beirut

Master of Science in Civil Engineering, MIT

MBA, Harvard Business School



Jonathan Stent-Torriani
Board Member
(Non-Executive)

Committee memberships

Member of the Nomination and Remuneration Committee

Member of the Executive Committee

Current positions

Co-founding Partner and Co-CEO of Newrest Group Holding S.L., France (S.L.)

Majority Owner and Director of Ritz Carlton Montreal

Previous positions

Board Member of IFCO

CEO of Compass Group PLC, Southern Europe

President of Gate Group, EMEA

CEO of Nuance Group Australasia

Experience and qualifications

Jonathan Torriani worked for Gate Gourmet Group (GGG) from 1991 to 1997 in various roles, including Managing Director for Operations Management and Managing Director of GGG's operations in South Africa. He left GGG in 1997 to join Naunce Group as Chief Executive Officer of its operations in Australasia before returning to GGG as President of the European Division from 2000 to 2004. He was the Chief Executive Officer for the Southern Europe region at Compass Group from 2004 to 2006. Since 2006, he has held the positions of Co-Founder, Co-Owner and Co-Chief Executive Officer of Newrest Group.

Bachelor of Arts (Economics and History), McGill University, Canada

Bachelor of Science, Ecole Hoteliere de Lausanne (EHL), Switzerland



Yousef Hamad Al Yousfi
Board Member
(Independent)

Committee memberships

Chairman of the Nomination and Remuneration Committee

Current positions

Partner and Head of Investment of the Future Investment Company

CEO of Jawa Energy Company

Previous positions

Chief Investment Officer of Saudi Development and Technical Investment Company (TAQNIA)

Board Member of Audit Committee of Leejam Sports Company

Experience and qualifications

Yousef Hamad Al Yousfi has extensive experience in the energy and investment fields spanning more than 25 years, during which he served as the Director of Investments and the Founder of the Riyadh Fund for Technology, Chief Investment Officer of Saudi Company for Development and Technical Investment (TAQNIA), analyst at Passport Capital and adviser to the King Abdullah Center for Petroleum Studies and Research, and several other investment, advisory and technical positions. He is a Partner and Head of Investment of the Future Investment Company and the CEO of Jawa Energy Company.

Master of Business Administration, Harvard University, USA

Bachelor in Electronic Engineering, University of Colorado Boulder, USA



Khaled Mohammed Al Hukail
Board Member
(Independent)

Committee memberships

Member of the Nomination and Remuneration Committee

Current positions

Chairman of Société General Saudi Arabia

Board Member and Member of Remuneration Committee of the Printing and Packaging Company

Previous positions

Deputy General Manager of SABIC, USA

Director of Risk and Insurance Management of SABIC, KSA

Experience and qualifications

Khaled Mohammed Al Hukail has more than 30 years of experience in the petrochemicals industry where he has specialized in marketing, risk management and mergers and acquisitions for leading organizations such as Shams Power Co. as well as nearly a decade of experience with SABIC in the United States, where he was responsible for designing marketing plans, managing human resources, building general company policies, handling products and scheduling shipments. He also leverages his specialized experience in risk management and insurance developed during his time with SABIC. He serves as Chairman of Société General Saudi Arabia.

Degree from Hamlin University, USA

Various courses in Management, Marketing and Risk, University of Minnesota, USA



Abdulkarim Essoulami
Board Member
(Non-Executive)

Current positions

Board Member of Newrest Maroc Services Co.

Board Member of Newrest Wagons-Lits Co.

Previous positions

Professor at the University of Rabat in Morocco

Experience and qualifications

Abdulkarim Essoulami is an established and driven leader, with more than 40 years' experience influencing the growth, performance and profitability of local and international companies. He has great knowledge and expertise in luxury gastronomy, hospitality, catering and event planning. Currently, he is on the board of several major companies and institutions specialized in providing catering and support services to governmental and private sector organizations, such as airports, train stations and other public and private companies and institutions and luxury hotels. He is a Board Member of Newrest, Maroc Services and Newrest Wagons-Lits.

Bachelor in Business Administration, the Institute of Communications, University of Rabat, Morocco

CEO's Statement

DELIVERING STRATEGIC DIVERSIFICATION

While SACC remains faithful to its long-standing role as a pillar support for the national aviation industry, the substantial disruption witnessed by the sector in 2020 has energized our strategic transition to a fully diversified provider of catering services.



“IN RESPONDING TO THE PANDEMIC, WE IMMEDIATELY IMPLEMENTED MEASURES TO ENSURE THE WELL-BEING OF OUR EMPLOYEES AND THEIR FAMILIES.”

Having accelerated our evolution and entry into an expanding range of industries and clients throughout the Kingdom, SACC has now established a steadfast foundation for future growth and expansion.

The aviation and travel sectors have been among those most heavily affected by the measures to combat the global spread of COVID-19 - and particularly the extensive and widespread lockdowns and travel restrictions imposed across the world in early- to mid-2020. The ongoing disruption caused by the unprecedented shock experienced in our core industry will be felt for years to come.

Our In-Flight Catering division generated annual revenues of SAR 647 million; our Retail division delivered annual revenue of SAR 65 million; and our Catering & Facilities division added annual revenues of SAR 196 million - resulting in overall SACC revenues of SAR 927 million and a net loss of SAR 335 million for 2020.

In responding to the pandemic, we immediately implemented measures to ensure the well-being of our employees and their families, building on our long-standing record of excellence in terms of the health and safety standards in all of our facilities throughout the Kingdom. Indeed, the additional measures implemented in the light of the spread of COVID-19 elevated our health and safety standards to new levels, as procedures and protocols were added to fortify our existing regimes.

SACC participated in a raft of government programs launched or empowered to respond to the crisis and avoid layoffs, such as the SANED furlough program for Saudis. We also ring-fenced employee benefits, reduced working hours and transitioned

employees to remote-working where possible, while the SACC management chose to reduce their salaries for almost four months in response to the crisis.

Playing to our Strengths in a Disrupted Market

The sudden shock inflicted on our core industry around the world by the coronavirus pandemic resulted in significant reductions in demand for our In-Flight Catering services as passenger numbers fell dramatically and aircraft were grounded. Furthermore, the pandemic forced the closure of multiple retail locations across the Kingdom, and in particular those based in airports and on-board trains, as demand in the transport industry all but evaporated with the initial period of lock-down and its related travel restrictions.

This unprecedented situation in 2020 inspired a full range of cost optimization activities across our In-Flight Catering (IFC) services, including in the form of extensive digitalization and automation, whilst also capitalizing on our considerable strengths in production to power the advancement of our Catering & Facilities business.

Given the significant swing toward online commerce brought about by the national lockdown and movement restrictions, which saw a phenomenal increase in our online sales through skysalesonline.com in 2020, therefore, our Retail division intensified its focus on the ecommerce space by initiating a complete overhaul of the platform to handle the increased growth and traffic, delivering a cutting-edge omnichannel experience for our online customers. Due for launch in Q2 of 2021, the new SkySales website will complement our on-board sales by offering a broader variety of SKUs and services. To support this sizeable

Number of meals served in Dakar Rally

109,401

Number of people served in Dakar Rally across 10 locations

3,500

expansion in our online presence, for the first time, we will also operate our own full in-house warehousing and logistics functions for SkySales.

Aside from the development of our ecommerce channel, 2020 also saw the allocation of considerable investment during the year in the digitization of documentation and processes, and the automation of meal production, the results of which will be seen in 2021.

Having exited some key engagements in 2020 as a consequence of the national economic slowdown, we will also continue to explore opportunities to streamline our activities to enhance overall revenue.

Delivering Strategic Diversification

Despite the negative fallout from the pandemic, SACC has made significant progress toward its strategic goals in 2020. By accelerating our ongoing strategic transition as a company, we have succeeded in ramping up our diversification away from aviation.

Under a revised three-year roadmap, SACC will not only optimize our In-Flight Catering and other aviation-focused business lines, but also transform our Retail operations to capitalize on new

CEO's Statement continued

“A KEY ILLUSTRATION OF THE SUCCESS OF THIS ONGOING PROCESS OF STRATEGIC DIVERSIFICATION IS OUR SUPPORT FOR THE SAUDI ARABIAN STAGE OF THE WORLD-FAMOUS DAKAR RALLY.”

e-commerce opportunities. Most significantly, we will rapidly expand our Catering & Facilities activities to encompass a much broader range of clients and business lines, focusing on inorganic growth and development in the healthcare and government sectors as well as in the events space.

This strategic transition began in 2019 and gained pace throughout 2020 as the business reacted to the negative global economic headwinds by adapting its transformation timelines with speed and agility.

Throughout the year we have built upon our existing strengths to expand our engagement in a broad variety of segments, from the launch of frozen ready meals, marketed direct to consumers through our strategic partner under the “Siwar” brand, to our rapidly evolving events catering offering and our burgeoning engagement in the Healthcare and Government sectors, which will come to fruition in 2021 and beyond as we expand beyond our Hajj and Umrah services to fulfill other strategic roles in the nation's progress.

A key illustration of the success of this ongoing process of strategic diversification is our support for the Saudi Arabian stage of the world-famous Dakar Rally, which saw the delivery by our C&F division of 109,401 meals for almost 3,500 people in ten different locations across the Kingdom in the space of just 12 days. Following on from this major success, SACC was re-selected as the sole catering provider for the second edition of the event in the Kingdom in 2021.

Safeguarding our Resilient Workforce

As of December 31, 2020, we employed 3,598 people, including 235 women – 8% of whom are in supervisory roles. Of this workforce, at year-end, 1,162 were Saudi nationals, representing 32% of our people, while the average age of our employees was 36 years.

Given the unique circumstances in 2020 we issued a new three-year roadmap reflecting the unprecedented challenges faced by our business and staff. This new strategic plan, which was designed in alignment with SACC's objectives and post-pandemic planning, included the introduction of flexible working hours and remote working provisions, a streamlined benefits policy, new housing and transportation policies covering annual air tickets, and changes to our medical insurance eligibility criteria.

Despite the physical disruption caused by the pandemic, we remained dedicated to our employee advancement objectives in 2020. We encourage all of our people to undertake continuing professional development during their career with SACC. To this end, we delivered significant progress in building the capabilities of our people during the year, providing 151 technical and soft skill training programs for 1,528 participants (40.6% of our workforce), delivering 679 training hours – 69% of this training delivered in 2020 was online.

An Agile and Diversified SACC in 2021

As well as continuing to build on the success of our cost efficiency program in the coming year, we will also activate the role of a new Mergers and Acquisitions (M&A) Department in 2021 to drive forward our strategic expansion and diversification of the Catering & Facilities division and its activities.

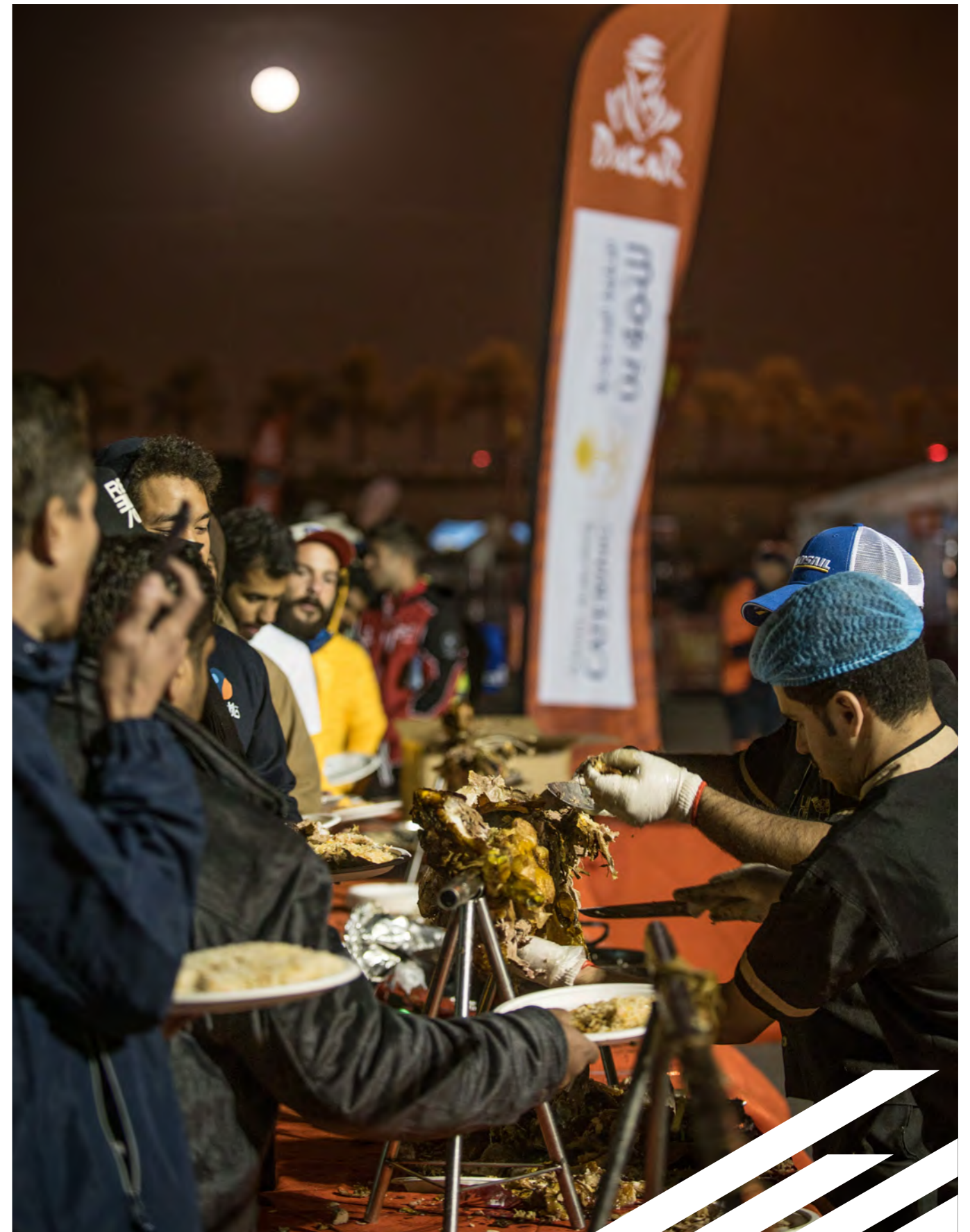
The results of our considerable investments in IT infrastructure will also be seen in the coming year, including the new SkySales website, which will herald a new era in terms of our ecommerce presence and development.

Throughout 2021 we will also continue to deliver the highest quality of services to our clients in our core in-flight catering segment, including our closest, long-standing strategic partner, Saudia, and will remain ready to ramp up our services as general air travel and religious tourism resume.

We will continue to work together closely with Saudia as the industry recovers – maintaining both our investment in, and dedication to, service quality and excellence – as well as with our other domestic and international airline partners.

I wish to express my sincere thanks to the Board of Directors for their exceptional support during this turbulent year of operations. I would also like to thank our dedicated workforce for their commitment, focus and resolve in working through the considerable challenges of 2020. To all our strategic partners, too, I must express my gratitude – I wish them all success and prosperity in 2021. Finally, I would like to thank the government, the Ministry of Health and the General Authority for Civil Aviation (GACA) for their diligence, as well as our many clients for their continued patience, understanding and support.

Wajdy Al-Ghabban
Chief Executive Officer



Management Team



Abdulwahab Saati
Executive Vice
President - Retail



Wajdy Al-Ghabban
Chief Executive Officer



Hesham Masoud
EVP - Chief Financial
Officer



Sylvain Benoit*
Executive Vice President -
Catering & Facilities

* held the position from
01 January 2020 until
30 November 2020



Obaidah Al-Saggar
Vice President -
Procurement and Strategic
Sourcing



Sultan Al-Booq
Executive Vice President -
Corporate Services
and General Counsel



Salah Al-Umar
Executive Vice President -
In-Flight Catering



Fahad Khayat*
Vice President - Quality
& Standard Control

* held the position from
01 January 2020 until
30 November 2020



Tarek Tharwat
VP - Chief Audit Executive

CFO Review

LEVERAGING OUR MARKET POSITION

In these extraordinary times, the COVID-19 pandemic created unprecedented disruptions and challenges for our business and our clients. In response to these adverse market conditions in the Kingdom and around the world, SACC implemented a number of prudent financial measures to protect our business, focusing on reducing our cost base in general and minimizing our cost of labor in particular, with the support of the government’s SANED program.



“WE ARE OPTIMISTIC ABOUT THE POSSIBILITIES OF THE MEDIUM-TERM REBOUND AND ALSO ABOUT THE LONG-TERM FUTURE OF OUR INDUSTRY.”

For 2020, net revenue for the year stood at SAR 927 million and net loss after taxes for the year was SAR 335 million.

Our In-Flight Catering division, including business lounges, and our Retail division suffered the most as a result of COVID-19 and its impact on the operating environment, as they are largely dependent on flight volumes and airport passenger traffic. IFC revenues were SAR 647 million for the year, while Retail posted full-year revenues of SAR 65 million.

Meanwhile, our Catering & Facilities division’s sales stood firm against the headwinds, posting a single digit decline in year-on-year revenues to reach SAR 196 million for 2020. We focused on profitable segments of the business, expanded our events business with the successful contract for the Dakar Rally, and continued to invest in strategic diversification to position C&F for growth in the years ahead.

Notwithstanding the short-term uncertainty and challenges, SACC retains a robust financial position, with a strong balance sheet and liquidity profile, supported by well-developed Corporate Governance and Risk Management.

Looking ahead, as the global economy recovers from the pandemic and the global vaccination drive gathers pace, SACC is well placed to leverage our market position and scale to capitalize on improving market conditions. We are optimistic about the possibilities of the medium-term rebound and also about the long-term future of our industry.

In line with our new Corporate Strategy, we will focus on supporting our customers by further optimizing our In-Flight Catering business, while transforming our retail operations to leverage the SkySales brand and serve customers through an omni-channel experience. We will also explore exciting new growth opportunities by venturing into new, high-growth industries and segments, such as healthcare and government businesses.

Building on our solid financial base and executing our new strategy with purpose and precision, SACC will realize synergies, boost our profitability and deliver sustainable growth through market cycles, in order to create greater value for our shareholders and stakeholders.

Hesham Masoud
EVP – Chief Financial Officer

In-Flight Catering Revenue

SAR 647M

Retail Revenue

SAR 65M

Catering & Facilities Revenue

SAR 196M

“NOTWITHSTANDING THE SHORT-TERM UNCERTAINTY AND CHALLENGES, SACC RETAINS A ROBUST FINANCIAL POSITION, WITH A STRONG BALANCE SHEET AND LIQUIDITY PROFILE, SUPPORTED BY WELL-DEVELOPED CORPORATE GOVERNANCE AND RISK MANAGEMENT.”

Our Strategy

Building on our core capabilities

Our strategic priorities are based on a unique set of organizational strengths and core capabilities developed and honed over the years, which include:

Food procurement

Our established procurement scale of around SAR 1 billion, with strategic relationships with key vendors.

Value add food preparation

Our large central production unit with the capacity to produce 75,000 meals per day, 200 kg of pre-cut vegetables per hour and production of 13 tons per month.

Operating within the travel channel

Our know-how of the travel channel operations including in-flight catering, lounges, on-board retail, and on-ground retail.

Food preparation and operating kitchens at scale

Our six kitchens across main cities with end-to-end service offering including menu planning and food delivery coordination.

How we will achieve our objectives

In order to achieve our strategic objectives, we will:

- **Enhance** cost competitiveness and operational efficiency across business units (ex., food and labor cost for C&F, rent and labor in Retail, and corporate costs)
- **Restructure** the organization and inject needed capabilities (ex. business development, category management, marketing and branding, and data analytics)
- **Pursue** inorganic growth opportunities in Healthcare and Government, while exploring joint ventures as needed

Strategic Objectives:

- 1**
To be positioned as the market leader in the catering space in KSA
- 2**
Protect our partnership with Saudi Airlines
- 3**
Enter B2C e-commerce and food-service through partnerships

Execution Roadmap



Our Strategy in Motion OPTIMIZE

In-Flight Catering

DRIVING COST EFFICIENCIES TO OPTIMIZE IN-FLIGHT CATERING

IFC responded with speed and strategic focus to the dramatic and unprecedented drop in activity during 2020, launching a series of cost-optimization and process efficiency measures to streamline and safeguard our business.

At the onset of the COVID-19 pandemic, our In-Flight Catering division put in place immediate measures to rationalize costs, in line with SACC's new Corporate Strategy. Across all areas of the division – from procurement to operations to human resources – a full analysis of costs was undertaken and necessary decisions were made to optimize costs while maintaining business and service

Read more about In-Flight Catering on pages 38 to 41.

continuity. This focus was also extended to the cost structure and operations of our Wellcome lounges across the Kingdom, as well as our decision to exit our Lounge Café business.

We enter 2021 with a strong and optimized base from which to drive strategic growth, in line with the return of demand in air traffic and tourism in the Kingdom, while continuing to invest in digital transformation and process automation to create a leaner, more efficient business for the future.

Our Strategy in Motion GROW

Catering & Facilities

WINNING THE DAKAR RALLY

In line with our new Corporate Strategy to grow our Catering & Facilities division in order to accelerate the diversification of our business, SACC was proud to become the official catering partner of the Saudi Arabian stage of the Dakar Rally in 2020.

As an official sponsor and the sole catering provider for this world-famous event, we provided meals, logistics and manpower, capitalizing on our experience and expertise in supplying meals for Hajj and Umrah pilgrims each year. We prepared, packed, transported and served over 100,000 meals across key Rally locations, featuring bespoke menus

developed in coordination with the organizers.

Throughout the 12-day event, our three mobile kitchens covered more than 8,000 kilometers and served 3,500 people. Our contribution to this landmark event for the Kingdom contributed to the highest ever monthly revenue by the C&F division since its establishment.

Based on this highly successful operation, SACC was selected to support the Dakar Rally for the second year running.

Read more about Catering & Facilities on page 46 to 51.

109,401

meals prepared during the 12-day event



Our Strategy in Motion **TRANSFORM**

Retail

BRINGING SKYSALES TO EVERYONE, EVERYWHERE

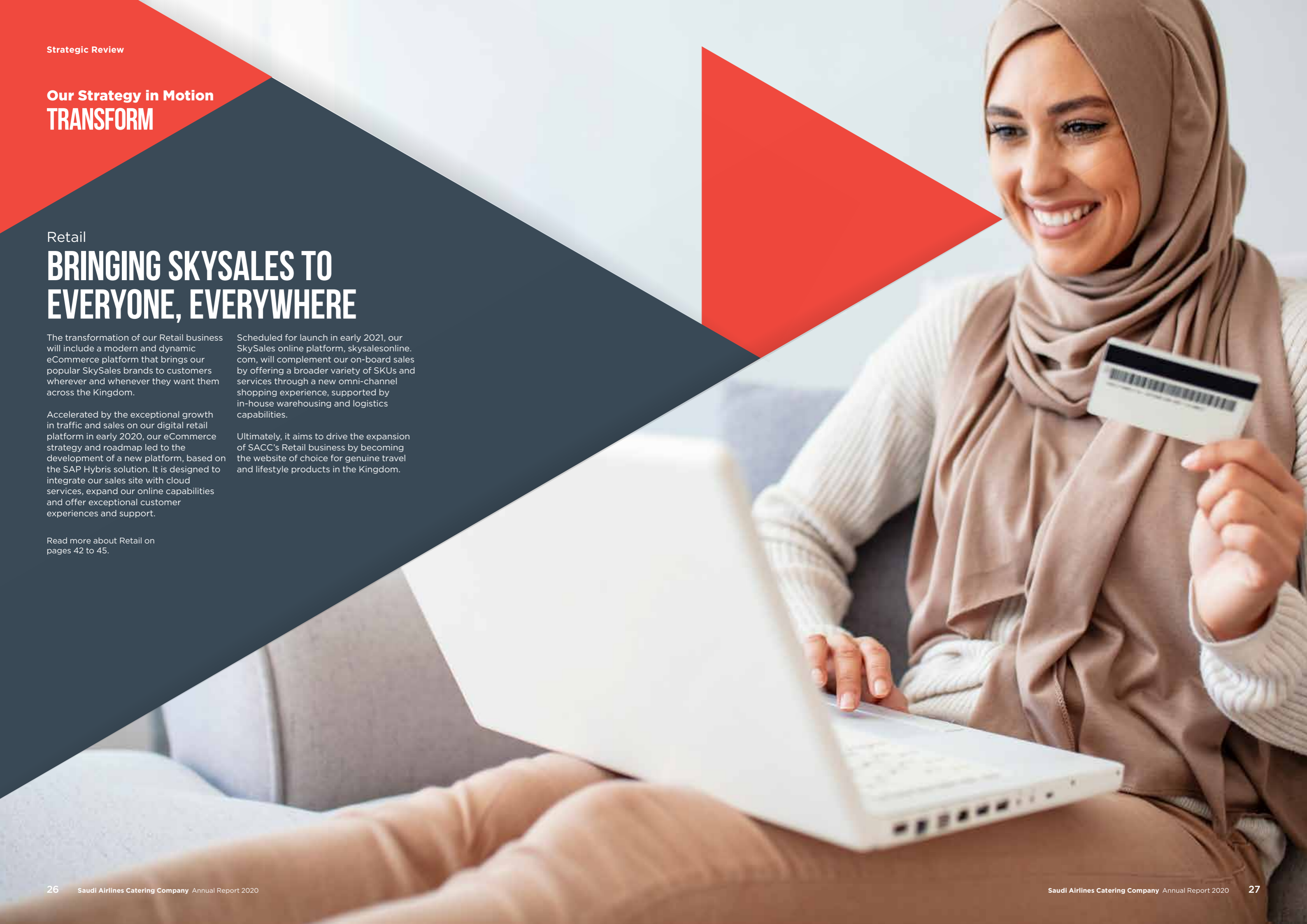
The transformation of our Retail business will include a modern and dynamic eCommerce platform that brings our popular SkySales brands to customers wherever and whenever they want them across the Kingdom.

Accelerated by the exceptional growth in traffic and sales on our digital retail platform in early 2020, our eCommerce strategy and roadmap led to the development of a new platform, based on the SAP Hybris solution. It is designed to integrate our sales site with cloud services, expand our online capabilities and offer exceptional customer experiences and support.

Read more about Retail on pages 42 to 45.

Scheduled for launch in early 2021, our SkySales online platform, skysalesonline.com, will complement our on-board sales by offering a broader variety of SKUs and services through a new omni-channel shopping experience, supported by in-house warehousing and logistics capabilities.

Ultimately, it aims to drive the expansion of SACC's Retail business by becoming the website of choice for genuine travel and lifestyle products in the Kingdom.



Our Strategy in Motion
EXPLORE

EXPLORING NEW OPPORTUNITIES TO DIVERSIFY AND ACCELERATE GROWTH

Our new Corporate Strategy lays the groundwork for both organic and non-organic growth in complementary business lines that leverage the unique capabilities and expertise of our business.

This year saw the launch of a brand new concept for SACC - an exciting strategic partnership under the 'Siwar' brand that brought fresh, ready-to-cook and ready-to-eat meals directly to consumers across Saudi Arabia.

From concept to production in under three months, we produced and distributed over 64,000 meals from launch in September to year-end, clearly

Read more on page 50.

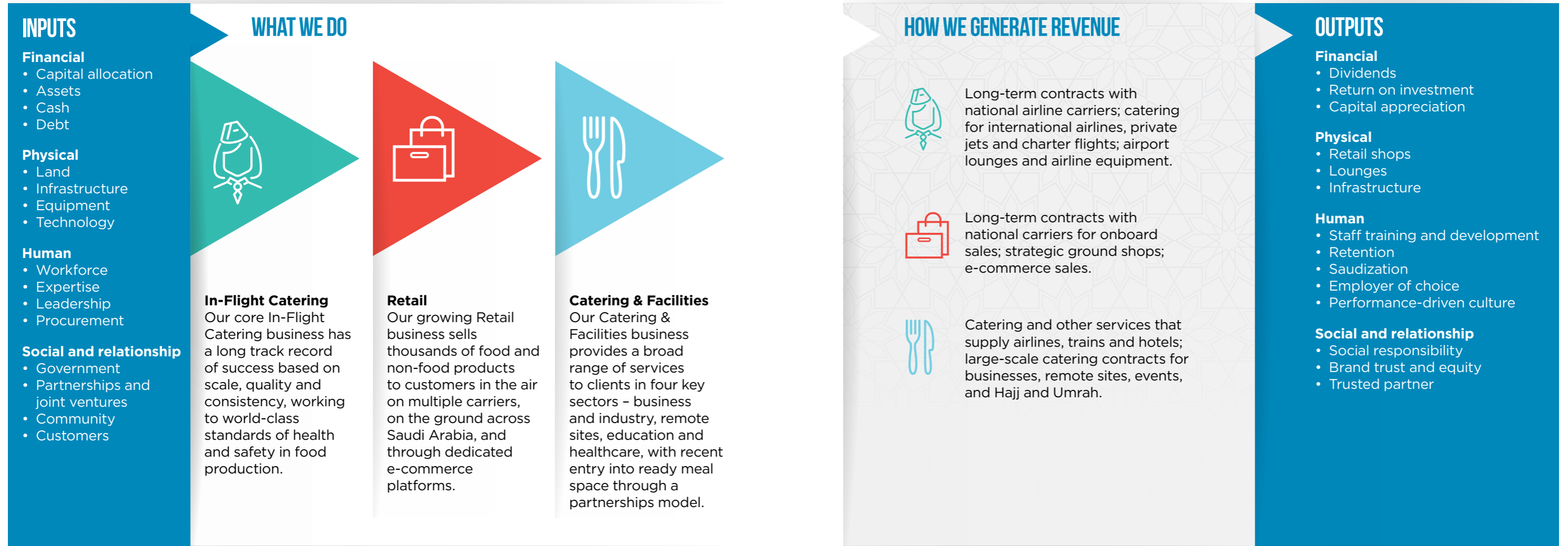
demonstrating the proof of concept and demand for this innovative F&B proposition, which fills a gap in the Kingdom's modern retail landscape.

The year ahead will see further resources and attention allocated to grow this new venture, including in the eCommerce space, while we also continue to explore a wide array of other partnerships and opportunities to launch and develop new revenue streams that complement our core and diversify our business.

Business Model

Mission

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



UNDERPINNED BY OUR VALUES

Customer Orientation

Commitment to Quality

Team Spirit

Transparency

Sustainability

NEW STRATEGY



OPTIMIZE



GROW



TRANSFORM



EXPLORE

Year in Review

Throughout 2020, SACC successfully adapted to the challenging and ever-changing operating environment to maintain focus on our strategic diversification and accelerate towards a brighter future for our company and nation, while continuing to safeguard our people, serve our customers and create value for all our stakeholders.

THE MULTI-YEAR CATERING PARTNER OF DAKAR RALLY

SACC demonstrated our capabilities and showed our future potential as the catering partner for Dakar Rally 2020, serving high-quality meals across multiple locations throughout the Kingdom simultaneously and being rewarded for our successful efforts by winning the contract again for Dakar Rally 2021.

WINNING HIGH-PROFILE BUSINESS & INDUSTRIES CONTRACTS

The B&I unit of SACC's Catering & Facilities division delivered strong performance during 2020 on the back of new corporate contracts with leading Saudi organizations, increased efficiency and the launch of our new branded offering, called 'Enjoy'.

THE EXCLUSIVE CATERER FOR HAJJ PILGRIMS

SACC was awarded the contract to fulfill the comprehensive catering needs of all Hajj pilgrims this year, highlighting the trust that by the Government of Saudi Arabia has in our capabilities and reputation for providing safe, secure and high-quality frozen meals for the Kingdom's religious tourists.

LEVERAGING TECHNOLOGY TO DRIVE EFFICIENCY AND EMPLOYEE ENGAGEMENT

SACC continued to digitize and transform our operations with the launch of our new Employee Service Portal, featuring a wide range of HR, IT and government services at our employees' fingertips, as well as our new Document Management System, which promotes efficiency and environmentally-friendly operations.

PROTECTING OUR PEOPLE FROM THE PANDEMIC

SACC has always prioritized the wellbeing of our people, with a focus on creating a safe and healthy work environment for all. This year, the COVID-19 pandemic took our health and safety measures to a new level, with the launch of strict procedures and protocols, hiring specialist doctors and adherence to all government guidelines.

DRIVING ECOMMERCE GROWTH THROUGH SKYSALES

SACC continued to invest in our online retail platform to drive growth and traffic, create an omnichannel customer experience, and ensure seamless warehousing and logistics, while focusing on our popular SkySales brand to make our customers' favorite in-flight products accessible anytime, anywhere.

NEW ROADMAP FOR COST SAVINGS AND EFFICIENCY

SACC's Procurement and Strategic Sourcing function continued to create value in this challenging business environment, by developing and implementing a new roadmap to drive enhanced quality, efficiency and optimization that will translate into a sustainable competitive edge for the company.

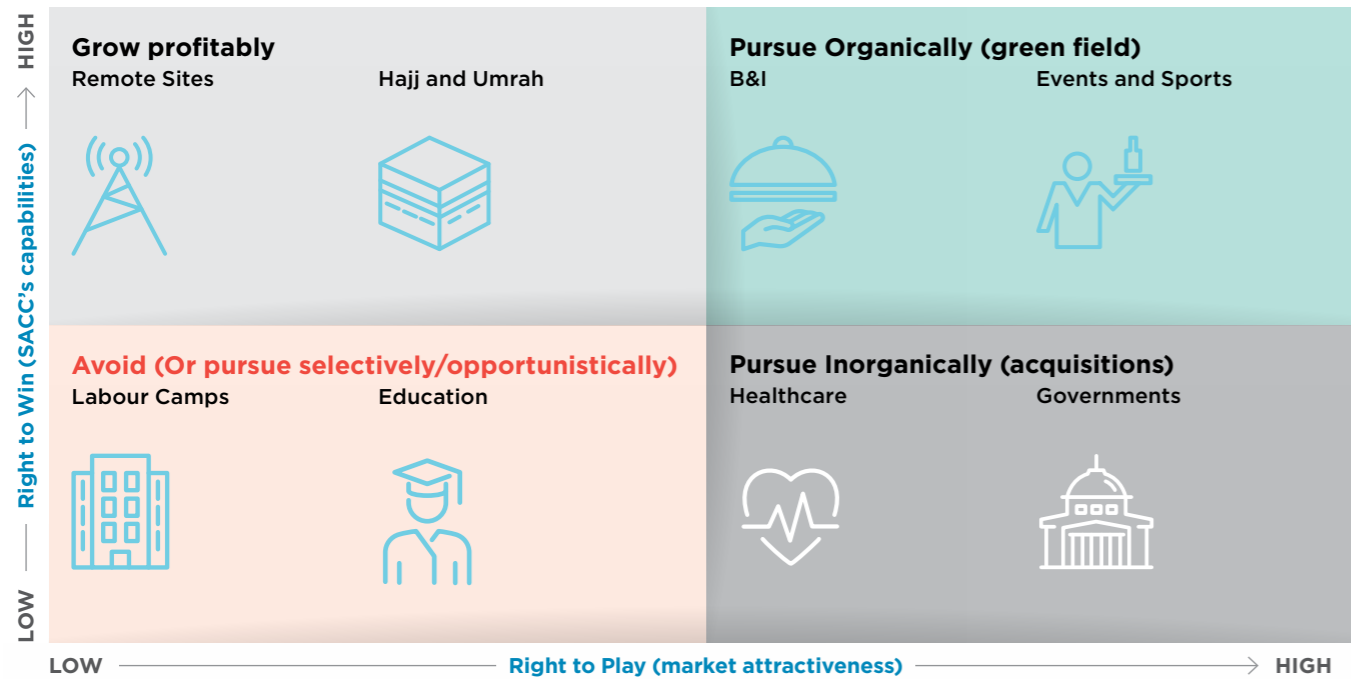
LAUNCH OF NEW CORPORATE STRATEGY

SACC's new three-year corporate strategy is designed to drive growth beyond our core IFC business and position the company for sustainable success as the diversified market leader in Saudi Arabia's catering space. It aims to 'Grow' our C&F division, 'Optimize' IFC and 'Transform' Retail, while exploring new opportunities for value creation and growth.

Market Opportunities and the Way Forward

ASSESSMENT FRAMEWORK SUMMARY

Healthcare and Government sub-sectors are attractive and could be pursued in-organically.



MARKET OPPORTUNITY

We are actively exploring various opportunities to further strengthen our position as a foodservice player.

Sell fresh-food products to end consumers through an e-commerce platform

- Opportunity to develop and operate a food and beverage e-commerce business
- Sell value add fresh food products including ready-to-cook/eat meals and other food staples directly to end-consumers through an online pantry
- Leverage sourcing capabilities, scale and food preparation expertise and market growth

Supply value add fresh food products to restaurants and hotels and ready-to-cook/eat meals to Retailers

- Supply value add fresh food products directly to foodservices players
- This could be extended to develop a B2B sourcing marketplace for foodservices players
- Supply ready-to-cook/eat meals to retailers through developing private label products (B2B and not B2C)

Operate eating out concessions through partnerships in the travel channel

- Operate franchise restaurants and cafes focusing on the travel channel
- Further expand coverage of the food service sector
- Leverage existing retail outlets in airports (replace lounge café and trip and bite) and expertise in operating within the travel channel

CATERING & FACILITIES DIVISION

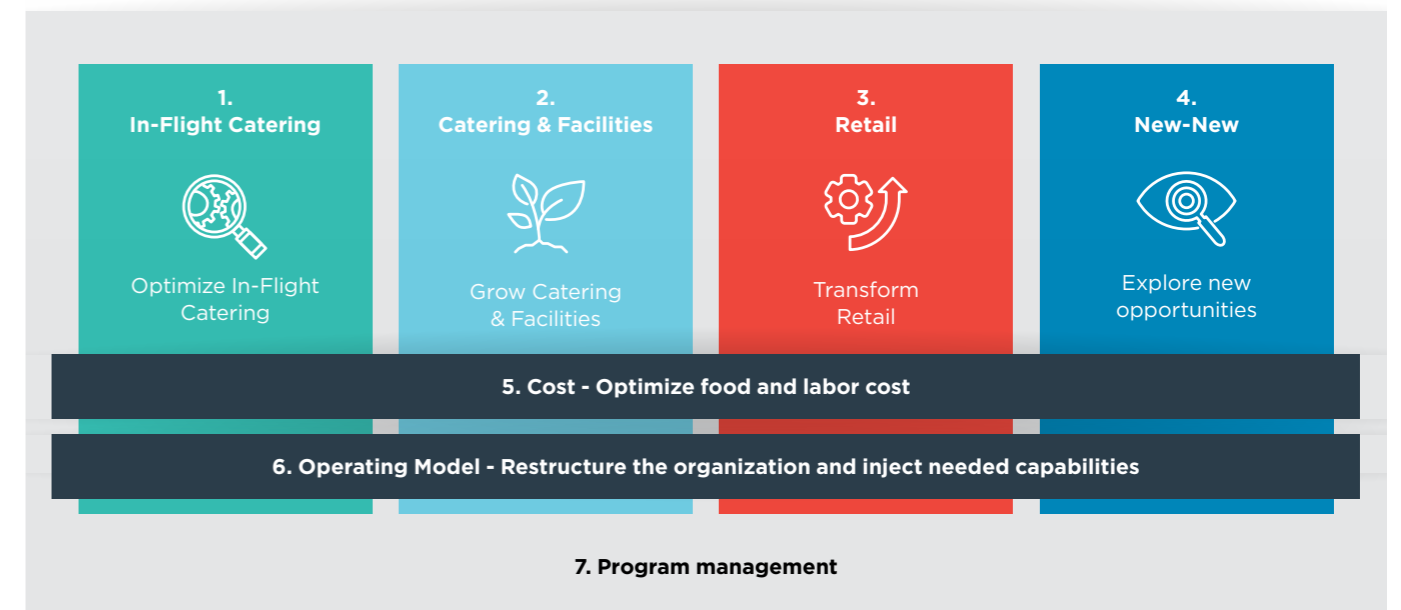
We will double down on the catering and facilities division

- ▶ **Optimize the core and inject needed capabilities**
 - **Cost Agenda: Optimize Food and Labor cost**
 - Inject needed capabilities (e.g., business development, procurement, marketing & branding, and analytics)
- ▶ **Turnaround/Exit Challenging Businesses**
 - Exit non-profitable business and continue to increase utilization
 - Secure better contract agreements otherwise exit
- ▶ **Scale up and Grow Profitably Existing Sectors**
 - Scale up B&I, and Events & Sports
 - Grow **Hajj profitably**, Pursue Umrah opportunistically through partnerships with select hotels/agents
 - Protect **Remote sites** businesses while being lean
- ▶ **Enter New Sectors**
 - Enter **Healthcare** and **Government** sectors (Ministries, Military & Correctional) by pursuing acquisitions



EXECUTION ROADMAP

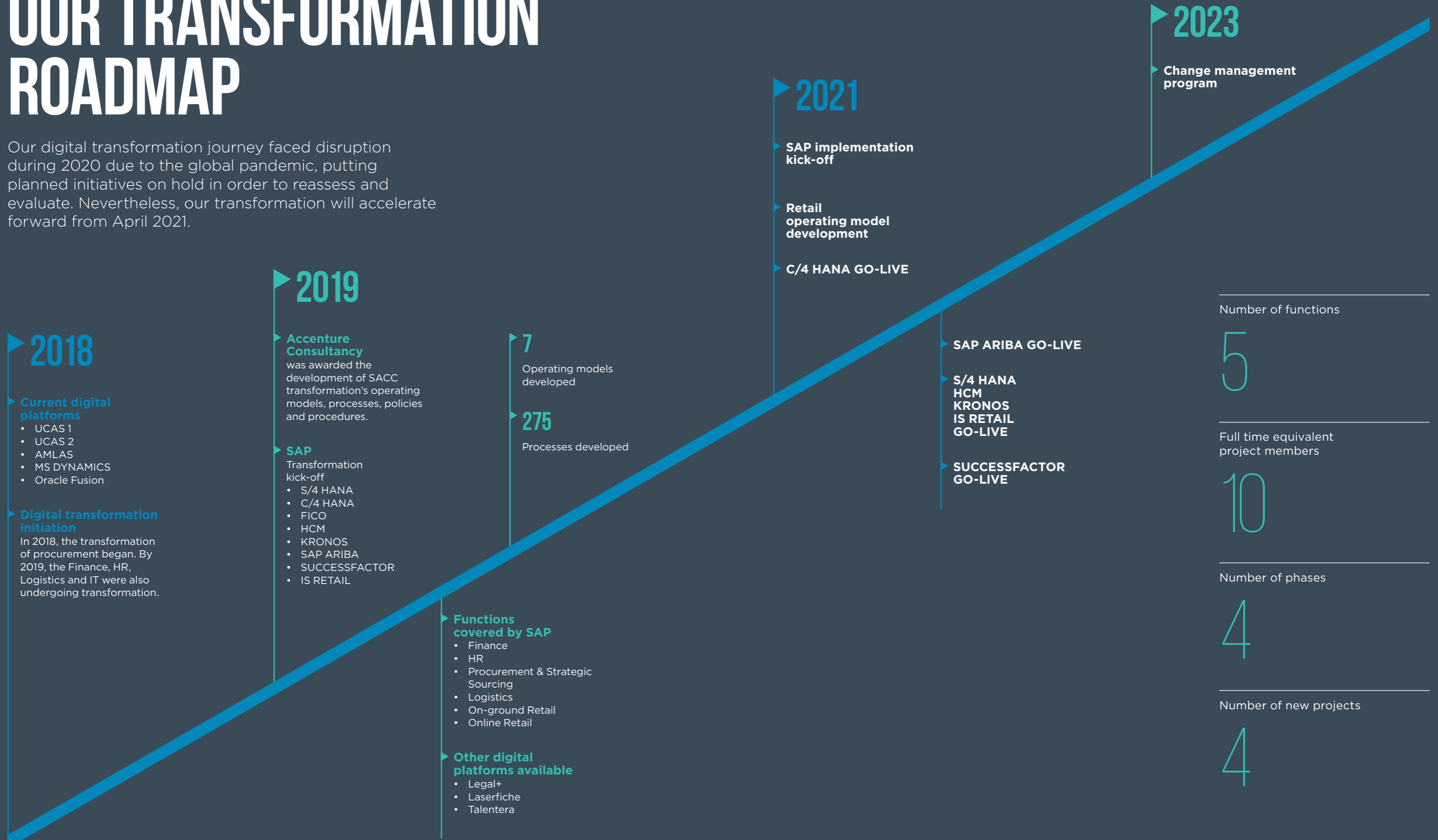
We structured the execution roadmap around 7 key areas



Transformation Update

OUR TRANSFORMATION ROADMAP

Our digital transformation journey faced disruption during 2020 due to the global pandemic, putting planned initiatives on hold in order to reassess and evaluate. Nevertheless, our transformation will accelerate forward from April 2021.





IN-FLIGHT CATERING

As the leading airline catering and services provider in the Kingdom, the SACC In-Flight Catering (IFC) division faced extremely challenging market conditions in 2020 owing to the COVID-19 pandemic.

In responding to the disruption to our core industry, IFC began delivery of a range of process efficiency and cost-optimization improvements, streamlining our services for future growth.

Following a highly encouraging start to 2020 for our In-Flight Catering division, the devastating effects of the spread of COVID-19 on the global travel and aviation industries undermined the division's performance considerably, with passenger numbers and international flights falling to almost zero overnight at the height of the global pandemic.

This sudden shock to our industry across the globe inspired a new strategic direction for SACC, driving cost optimization across IFC services, including via more extensive digitization and automation, whilst building on our considerable strengths in production.

As part of our cost optimization efforts in 2020, we exited our Lounge Café concept, whilst our expense reduction program saw a contraction in IFC manpower of 26% and the temporary closure of operations in Cairo and in Medina, achieving significant reduction by shutting down previous highlighted units in our overall cost base.

This was complemented by increased focus on collections to bolster cash flow, allowing IFC to maintain business continuity and continue to serve our partners and customers as needed throughout the year.

2020 also saw the allocation of considerable investment in the digitization of documentation and processes, and the automation of meal production, the results of which will be seen in 2021.

Lounges

A subdivision of IFC, our Airports Lounges and Services business operates 10 Alfursan lounges in Jeddah, Riyadh, Dammam, Medina and Cairo. These include our Alfursan Lounge in the domestic terminal at King Abdulaziz International Airport and a forthcoming Alfursan Lounge at the new terminal in Jeddah. We also operate three Wellcome Lounges in Riyadh and Medina, as well as the Transit Motel at Cairo International Airport, as well as providing Delayed Passenger services, support for events, and both general manpower and catering services.

Our airport lounges business was heavily impacted by the COVID-19 lockdown and the consequent drop-off in traveler numbers.

Whilst the gradual return of passengers to our domestic lounges began in May, our international lounges in Riyadh did not reopen until October. The reopening was driven by repatriation flights, as other air traffic remained very limited. All of our Jeddah lounges remain closed, and our Alfursan project to establish the Kingdom's leading lounge in the new Jeddah airport has been temporarily put on hold. However, as of year-end 2020, our Wellcome lounges in Medina are

Number of Alfursan Lounges

10

Number of meals prepared for Dakar Rally through the Central Production Unit

52,000

Number of ready meals prepared for Siwar brand launch through the Central Production Unit

64,260



In-Flight Catering continued



fully operational and focused on domestic travelers, as are our two lounges in Riyadh.

As well as ensuring full compliance with all health and safety protocols and guidelines, including those concerning sanitization, social distancing and the compulsory use of masks, we implemented a number of temporary changes in our lounges in 2020.

Adapting to the realities of the pandemic and the need to protect our people and our customers, we replaced our self-service facilities with sealed meals for our lounge guests, served individually by our staff using disposable cups, plates and cutlery. We also removed all newspapers and magazines from our lounges and implemented a rigorous sanitization program, cleansing our lounges every two hours.

As air travel begins to recover, we aim to re-open our full range of lounges as soon as possible. Key objectives in 2021 will be to carefully control costs without reducing services or quality, and to implement effective cross-utilization of staff to ensure service continuity.

Following the establishment of a new partnership with DragonPass in 2020, we fully expect to see a major increase in passenger volumes at our Wellcome lounges as air routes open up further in 2021. DragonPass provides lounge access

for DP banking program customers using MasterCard, VISA, China CITIC Bank, Clydesdale Bank, the RBS Group, Barclays Bank, the Co-operative Bank, and many more providers.

Adapting to Unique Production Requirements

Our Central Production Unit (CPU) in Riyadh supplies a variety of products, from frozen meals to pre-cut fruits and vegetables, to our airport and airlines units across Saudi Arabia, as well as for the expanding activities of our Catering & Facilities division.

The key priority for the CPU in 2020 was to ensure that all our facilities and operations were in full compliance with government safety guidelines. To this end, we initiated additional processes and training provisions to adapt to the new working environment and standards. Without sacrificing efficiency or our production capacities, we were able to ensure zero cases from our facilities in 2020.

In view of the constraints imposed by the unique operating environment in 2020, IFC worked hard to introduce efficiencies wherever possible across our operations, including in the use of raw materials. To this end, we were able to reduce costs through more efficient management and use of excess protein, resulting in total cost savings of SAR 9.91 million over the course of the year.

We supplied more than 52,000 meals from our CPU kitchens for the Saudi Arabian stage of the 2020 Dakar Rally, supporting our Catering & Facilities division by providing 53,487 kilos of food for the event. As of year-end 2020, we had also already started to deliver our requirements for the 2021 edition, which will include 55,000 kilos of frozen meals for the event.

Also in 2020, we produced 64,260 ready-meals for the C&F division's launch of the new Siwar brand, as well as 2,636 meals for Hilton properties in Riyadh.

In close cooperation with our biggest partner, Saudia, we developed a special COVID-19 in-flight menu using disposable packaging, as well as VIP and VVIP menus that reflected current regulations. We also continued to plan new menus to cater to passenger needs when demand returns in 2021.

Pursuing Cutting-edge Automation

SACC's automation plans and preparations were ramped up in 2020 with the launch of a dedicated program to guide the development of process automation capabilities to meet the needs of our various units.

Initiated by SACC's senior management, the scope of the project encompasses operations and production processes in addition to technical processes, such as building management systems, housekeeping functions and warehousing.

The goals of the automation program are to increase productivity and optimize production while maintaining a sustained high level of quality. It also aims to leverage automation to unlock cost efficiencies and achieve heightened safety compliance by reducing workplace injuries and breakdowns.

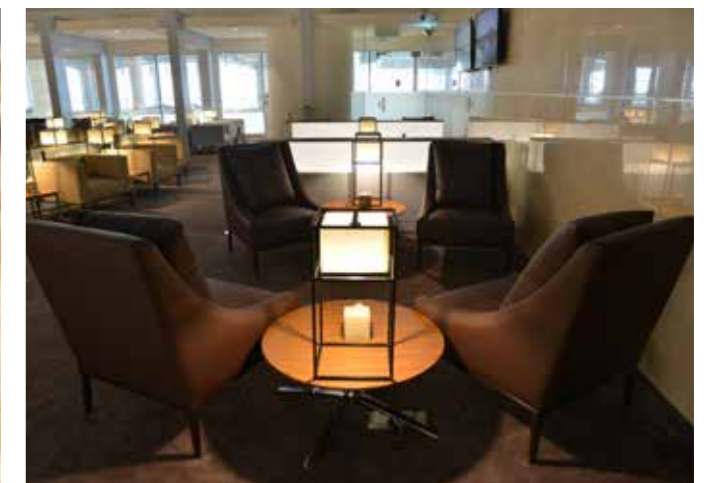
The first phase of the program will study our products and menus with a view to achieving the standardization required to enable efficient automation. Thereafter, cost-benefit analyses will be conducted and production processes and flows redesigned to meet improvement outcomes.

IFC in 2021

Air passenger traffic began to rebound in late 2020, and as vaccines are rolled out across the region and abroad in 2021, we anticipate a resurgence in passenger numbers. This will be driven by religious tourism to or within the Kingdom, as well as the complete opening of the new Jeddah airport.

Whilst we do not anticipate a full recovery in IFC revenues to Q1 2020 levels until at least 2024, as the travel and aviation industries begin the journey back to full operation, IFC will continue to target organic growth alongside Saudia and our other aviation customers, capitalizing on the high potential for increasing tourism and pilgrim traffic to the Kingdom.

Our adoption of innovative new technologies, alongside our rapidly expanding process automation, will serve to drive efficiencies to new heights in 2021, streamlining our production capabilities as our core markets revive.



CPU COVID-19 cases

0

Total cost efficiencies

SAR 9.91M

RETAIL



Facing truly unprecedented challenges in 2020 owing to the coronavirus pandemic, both our in-flight and on-ground sales channels were severely disrupted during the course of the year.

Under a new three-year strategy, SACC Retail has now adopted an intensified focus on digitalization and ecommerce.

Serving Saudia, Flynas and Flyadeal, the SACC Retail division delivers in-flight shopping at a range of different price points, from an exclusive portfolio of products for First Class passengers through to specialized low-cost offerings for budget airlines. Meanwhile, our ground sales span major transport hubs and skysalesonline.com offers a range of products and merchandise items for delivery throughout the Kingdom.

Our retail operations experienced unprecedented market disruption in 2020, with in-flight sales being severely undermined by the initial four-month travel hiatus, whilst on-ground commerce dropped by as much as 95% with the closure of stores across the Kingdom during the national lockdown. Sales were further undermined by low consumer confidence generated by the economic effects of the pandemic, as well as by the increase in VAT in the Kingdom during 2020.

A 90% reduction in footfall was experienced during the initial phase of the pandemic at major airports such as Jeddah - which has since only reached half the numbers seen in 2019. This resulted in only 60-65% of total

scheduled flights operating and only 40-50% of projected passengers travelling during the year.

Disruptions to Our Operations

Our airport shops in Riyadh's King Khaled International Airport remained open throughout 2020, while we closed our retail operations in Jeddah's King Abdulaziz International Airport, pending a move to the new Terminal 1.

However, we also closed our retail outlets at nine regional airports and nine rail stations, as well as on board Haramain line trains owing to the drop-off in religious traffic. Jeddah rail operations were further disrupted by a station fire in October, while our SAR and SRO operations were terminated, pending a return to pre-COVID-19 rail traffic in the future.

On-board sales were also undermined by the removal of magazines owing to the virus -previously the primary sales channel for in-flight purchases - and our corporate shop in Flynas HQ closed, along with the temporary closure of the office itself.

As of end-2020, SACC retail maintained 13 on-ground retail outlets and continued to serve its three airline partners - Saudia, Flynas and Flyadeal.

Number of on-ground retail outlets maintained

13

A Strategic Response

With the onset of the pandemic, we immediately moved to ensure the health, safety and wellbeing of our people and customers. We were one of the first retailers operating in the nation's airports to roll-out sanitizers and masks, and to implement the safety measures laid down by the government and concerned authorities.

Given the extensive effects of the COVID-19 pandemic on the travel industry, the SACC Retail division faced extremely challenging market conditions during 2020. In facing these considerable headwinds, we continued to refocus our footprint, driving ecommerce growth as a strategic priority whilst the global travel and tourism industries recover.



Retail continued

Domestic air travel began to rebound in late 2020, yet we continue to focus on alternatives to our in-flight and on-ground retail offerings in order to achieve further diversification.

Guided by a new three-year strategy, we aim to transform our retail activities by enhancing our on-board sales offering and exiting both challenging on-ground retail concepts and non-core locations, thereby reducing our retail footprint on the ground.

We continue to assess both the short- and long-term impacts of the pandemic, working with our partners to ensure the long-term recovery of the travel industry.

A Platform Fit for the Future

Reflecting a new focus on ecommerce and our accompanying strategy adopted in 2020, and in light of the phenomenal increase in online sales traffic in Q2 of 2020 (Q2 sales were comparable to full-year 2019 sales), we initiated a complete overhaul of our SkySales online platform, skysalesonline.com.

The project recognizes the need to invest in a new platform, based on the SAP Hybris solution, to integrate our sales site with cloud services, expand our online capabilities and offer highly improved customer experiences and support.

Due for launch in Q2 of 2021, the new SkySales website will complement our on-board sales by offering a broader variety of SKUs and services and supporting the significant growth in online sales traffic experienced during 2020.

Offering a new omni-channel shopping experience, and now complemented by full in-house warehousing and logistics capabilities, the new site will showcase the SkySales brand and capitalize on the significant shift toward online shopping inspired by the new realities imposed by the pandemic. Our aim is to become a leading online retailer of travel and lifestyle products in the Kingdom.

In line with the SkySales vision to expand in the eCommerce market whilst focusing on B2B customers, we have created a campaign in partnership with Saudia's Alfursan. The campaign was of a huge success for the seven days it ran, resulting in an increase of more than 300% in new visits and a rise of 130% in new registrations.



Rebounding and Refocusing in 2021

We enter 2021 with a clear strategic focus to achieve positive momentum in our Retail business. After incurring significant expenses in 2020, our strategy in 2021 is to achieve leaner, more cost-efficient operations.

We will continue to explore options for new suppliers and new products in 2021, while focusing on our SkySales channel to extend our in-flight and on-ground offering to our customers throughout the Kingdom.

A rebound in our in-flight retail activities and profits will largely depend on the extent to which international air travel revives, as well as regulations and advice concerning religious travel for Umrah and Hajj. When on-board sales return, however, significant opportunities exist to capitalize on duty-free sales given the recent increase in VAT in the Kingdom.

Despite the various negative factors that continue to affect our industry, our new dynamic structure and lower cost base will provide ample space for new plans and concepts to roll out during 2021 to further strengthen and diversify our revenue streams.

New Visits to SkySales Online

+300%

We intend to expand our digital sales channels to capture greater market share in the coming year, not only through our new website but also with a new mobile app and other interactive customer touchpoints.

Our B2B partnerships will also be expanded to reduce supply chain risks and introduce major new brands to our existing lineup. We will also explore the potential to offer our own products via major global and regional e-retail platforms.

Through these strategic actions, we aim to establish a solid foundation for a return to positive growth and profitability for SACC's Retail, which will accelerate in line with the imminent rebound in air travel and tourism.

About SkySales

We aim to provide a fast, easy and customer-centered omni-channel shopping experience to bring our customers' favorite on-board SkySales items across a wide range of categories to them anywhere, anytime across the Kingdom.

SkySales Online

VISION

To support the expansion of SACC's on-board retail business beyond the airplane through an omni-channel experience.

MISSION

To be the website of choice in Saudi Arabia for genuine travel and lifestyle products.

OBJECTIVES

- Elevate the SkySales brand
- Expand our customer base
- Increase on-board sales
- Develop corporate partnership agreements

CATEGORIES

- Perfumes
- Health & Beauty
- Jewelry & Watches
- Exclusive Items
- Tech Accessories
- Accessories
- Eyewear
- Souvenirs

COMPETITIVE ADVANTAGE



Multiple Touchpoints
Website, lounges, airplanes, etc.



Access to Big Data
Leverage extensive database



Competitive Pricing



Product Exclusivity
Temporary first to market

CATERING & FACILITIES



The Catering & Facilities division leverages the company's strong expertise in the field of food management and catering to provide services to public and private organizations and industries across the Kingdom.

Powered by a dynamic new strategy, our Catering & Facilities division continued to diversify and accelerate its activities to achieve a growing footprint in the Kingdom's events and industry sectors, developing new strategic partnerships and locking in new revenue streams for 2021.

Established in 2008 with the aim of driving growth and diversifying revenue, the Catering & Facilities (C&F) division leverages SACC's extensive food management expertise to provide services to public and private organizations and industries across the Kingdom.

Having begun the year by delivering growth, capitalizing on the momentum gained in 2019, C&F was well positioned to respond to the highly negative economic effects of the COVID-19 pandemic. Despite several operational disturbances, we retained the trust of our partners by showing substantial resilience during 2020.

In facing the more pressing challenges posed by the spread of the virus, we implemented a comprehensive range of preventive measures to protect the health and well-being of our people, customers and stakeholders. As soon as the pandemic struck, weekly Board meetings

were convened and a strategic review launched in partnership with a leading international advisory service provider. This resulted in the formulation of a new strategy developed to reflect the evolution in market demand, charting a path toward recovery and growth moving forward.

In order to remain agile and adaptable in the face of the changing environment, some C&F units were closed during 2020, and the division was able to leverage government support - namely the SANED initiative - to stabilize costs.

Resilient Performance in a Challenging Market

Despite the events space being heavily impacted by the national lockdown and other measures to curb the spread of COVID-19, full year revenue for 2020 was SAR 196 million, representing a fall of -0.80% from that of 2019.

The C&F **Business and Industry** (B&I) segment saw more than 8.8 million meals served to nearly 3.7 million customers across 92 locations during the year. The segment achieved strong revenue growth and profitability throughout the year, mainly led by improvements in productivity and cost reductions in Jeddah, where these processes were accelerated as a consequence of the

strategic realignment inspired by the pandemic.

Our Jeddah department achieved 23% revenue growth during 2020, through both increased business from existing customers as well as the addition of new customers. This growth came as a result of the market's trust in SACC to serve their employees in their staff camps and accommodation, particularly in light of the government's new COVID-19 health and safety measures and guidelines. As a result, B&I served a total of 2.0 million meals to 1.5 million people for 22 customers across 33 location throughout the Kingdom.

Meanwhile, our Dammam department achieved a 6% increase in revenue by serving 3.9 million meals to 1.3 million people for 8 customers across 33 locations. Finally, our Riyadh department served 2.7 million meals to 858 thousand people across 26 locations, while also adding 3 new customers to reach 20. However, revenue for this department dropped 50% during the year due to COVID-related impact on this department's mostly white-collar clientele, who saw a significant shift to work from home.

Catering & Facilities Units



Business and Industries



Remote Sites



Hajj & Umrah



Railway Services



Service Apartment (DAR Zan Suites)



Accommodation Services



Laundry Services



Party & Event Services



Trace and Track Logistics



Catering & Facilities continued

Our catering services for **Remote Sites** grew substantially over the course of the year, pushing revenue up and dramatically improving the profitability of this unit, despite the temporary closure by Aramco of 40% of its rigs. Our Jeddah C&F department served 181,818 meals to its single Remote Sites client, while our Dammam department served 3.8 million meals to 2.9 million people across 20 locations for its four Remote Sites clients.

Our **Hajj and Umrah Services**, on the other hand, which are usually a key source of revenue, were considerably undermined by the effects of the pandemic. While Umrah catering was suspended, only limited services were provided for Hajj, providing 27,600 meals for around 1,000 pilgrims. Nevertheless, our designation by the government as the single company providing catering for these key annual events reaffirms the trust our clients place in our capabilities and the quality of our services.

Similarly, our **Saudi Laundry Services (SLS)** experienced a fall in processed volumes owing to its direct links with the airline, hotels and Hajj & Umrah businesses, as did our Trace & Track Logistics operation that locates missing airline baggage.

Our King Fahd Medical City (KFMC) unit in Riyadh experienced a 'Code Red', with all operations being halted for a full 40 days owing to the pandemic. Despite this, the KFMC unit was awarded a three-year contract valued at SAR 1.9 million to provide services to the Al Kharj Military Hospital. The unit also launched a new dry cleaning service in September, which reached a daily volume of 1,200 items by December, and will ultimately reach a daily capacity of 7,500 items.

Railway Catering operations serving train travelers in 2020 were also impacted by the measures to stem the pandemic, including the closure of the Haramain line. However, following the Kingdom-wide lockdown, Saudi Railways Organization (SRO) trains resumed services from Riyadh and Dammam in May 2020, as did the Saudi Railway Company (SRC).

We served 351,425 meals to 1.1 million passengers across 3,089 rail trips throughout the year. Despite the disruption caused by the travel restrictions in 2020, however, we also launched our new Trip-a-Bite branded experience and secured a renegotiated



renewal of our catering contract with SRO for a further three years, locking in our key position when rail travel throughout the Kingdom resumes.

Overseen by our **Serviced Apartments** unit, the Darzan Suites accommodation located within Saudia City in Jeddah recorded its highest occupancy (76%) since launch and a 241% increase in occupancy over the previous year. During 2020, we acquired 15 new accounts besides Saudia and its affiliates. The unit closed the year at 50% occupancy with a total revenue of SAR 7.7 million, representing year-on-year revenue growth of 212%.

Meanwhile, our engagement with **Hilton Hotels** saw 2,636 meals produced for Hilton properties in Riyadh in 2020.

Delivering Strategic Diversification in 2020

As a vital division leading the strategic development of SACC, our Catering & Facilities division is growing into new markets, with the ambition of becoming one of the Kingdom's leading catering providers. We therefore continue to rapidly diversify our services to capture increasing volumes in both new and existing catering segments, including in the events space.

Total meals served by B&I

8.8M

Customers served through B&I

3.7M

Number of meals served by Dammam department to Remote Sites' clients

3.8M

Number of locations catered through B&I

92

A key example of the diversification of the offering of the SACC C&F division is our first ever engagement with the world-renowned Dakar Rally in 2020. As an official sponsor and the sole catering provider for the event, our C&F division supplied, delivered and served meals at multiple locations throughout the event.

Winning the Dakar Rally

In 2020, we provided meals, logistics and manpower for the Saudi Arabian stage of the world-famous Dakar Rally, catering for more than 3,500 people in the rally's Bivouac, which toured ten different locations across the Kingdom in the space of 12 days and provided 109,401 meals.

Having carefully designed a menu in coordination with the organizers, we supplied more than 52,000 meals from our Central Processing Unit (CPU) kitchen in Riyadh. Capitalizing on our experience in supplying meals for Hajj and Umrah

Number of meals served by Jeddah department to Remote Sites' client

181,818

pilgrims each year, we prepared, packed, transported and served the provisions to key Rally locations. Throughout the event, our three mobile kitchens covered more than 8,000 kilometers, providing 53,487 kilos of food.

Based on this highly successful operation, SACC was selected to support the Dakar Rally for the second year running in January 2021, and - as of year-end 2020 - we had already started to deliver our requirement for the 2021 edition, comprising 55,000 kilos of frozen meals for the event.

Although the events sector was heavily affected by the COVID-19 lockdown and subsequent social distancing measures, early in the year the C&F division delivered contracts for two major events for the first time.

We provided catering for international players and VVIP guests in a three-day

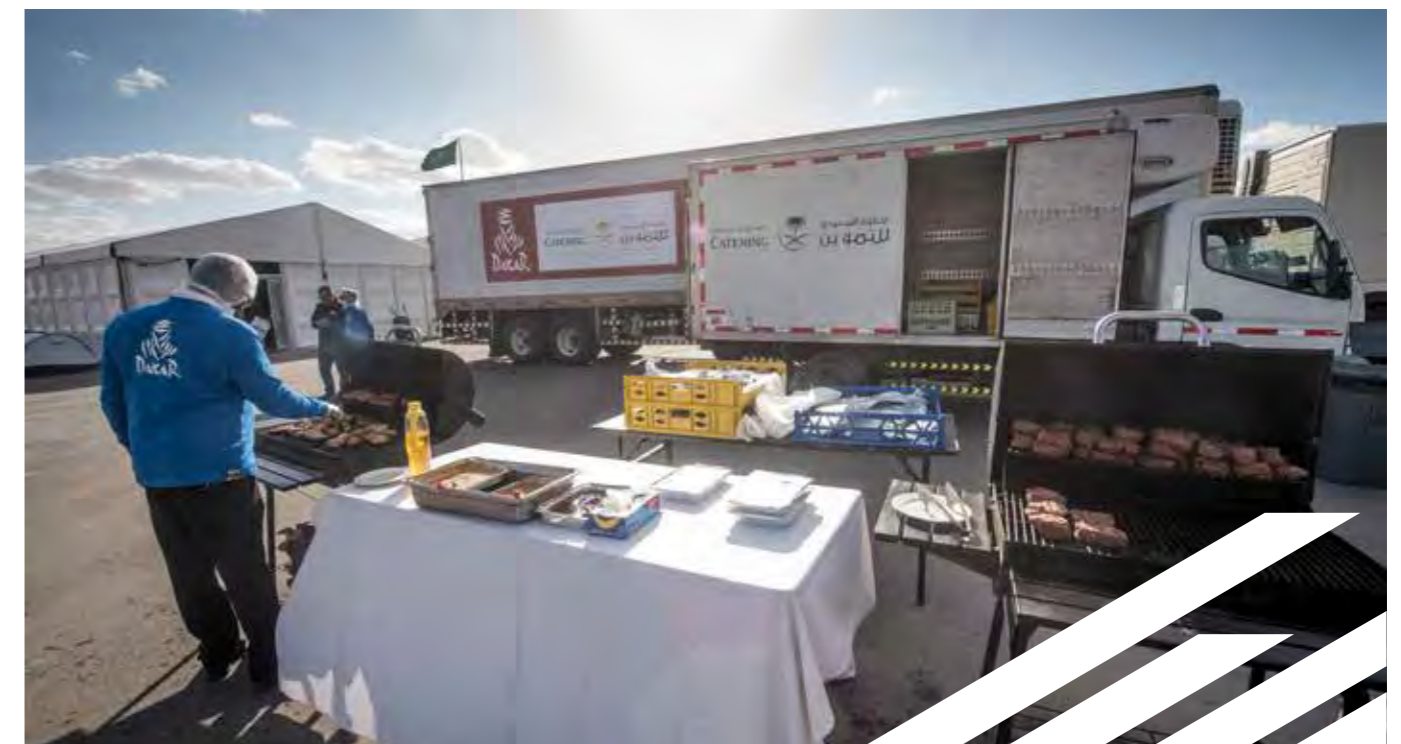
Meals provided for Dakar Rally

109,401

Saudi International Golf Championship event in King Abdullah Economic City (KAEC) in January, serving 3,260 guests and generating revenue of SAR 319,550.

Also in the first quarter, having been selected from among four contending vendors, SACC delivered the contract to provide catering services for the Red Sea Film Festival. At 32 days, the event represented the longest continuous catering operation undertaken by the division. Throughout the Festival, which ultimately ran from its inauguration on February 4th up to its suspension from March 7th, serving 1,335 people and generating SAR 101,715.

Under a newly expanded unit established in 2020, the C&F division launched its strategic engagement in the healthcare sector, which will be a key focus of our investment in 2021.



Catering & Facilities continued



in the broader catering sector and to grow our activities through an expanding portfolio of partnerships serving the Saudi market.

Spearheading SACC's diversification, we will grow the profitability of existing C&F sectors - including B&I, remote sites, events, and Hajj and Umrah - whilst turning around or exiting under-performing or challenging businesses and entering new sectors such as healthcare and government.

Restructuring for Growth

SACC's new strategy emphasizes the role of the Catering & Facilities division as a core growth engine for the company going forward. To maintain our present growth trajectory, and in keeping with this new strategic objective, C&F has sought to both deliver more robust cost controls and to segregate our production processes from the SACC In-Flight Catering division in order to provide standalone support for our expansion. Throughout 2020, we worked with our diverse partners to expand our strategic relationships and deliver on new and existing cross-selling opportunities, including through a dedicated business development team for C&F, established to enable a more customer-centric focus, improve business development and cross selling, and deliver improved overall experiences and services.

A total of six new contracts were signed by C&F in 2020 with a total value of SAR 16 million, in addition to the second contract with the Dakar Rally, which alone is valued at approximately SAR 18 million. These included new engagements in the field of healthcare and government catering services - two prime growth areas in which preliminary services have been delivered in 2020. Ongoing discussions regarding the development of our remote sites services with leading Saudi clients - Aramco and SABIC, in particular - will continue in 2021.

We also exited a number of contracts in 2020, including our catering engagements supplying serviced apartments, and continue to explore exits in smaller, unprofitable segments such as cafés both inside and outside airports.

Achieving Exceptional Efficiencies

Throughout 2020, the division also remained focused on achieving efficiencies across its operations with the aim of streamlining production processes and ultimately doubling the size of our

business, thereby playing an increasingly prominent role in overall SACC strategy.

Having implemented a new cost control system across the division to improve the efficiency of our ordering and ingredients management functions, we have succeeded in securing better prices and reduced the costs of food purchasing, contributing to an overall reduction in food costs of more than 30%.

Looking Forward to 2021

We will continue to grow and diversify our products and clients in 2021, branching into new categories and sectors throughout the Kingdom to strengthen the presence of SACC within the country's catering and retail industries.

By nurturing our business relationships with leading event management companies within the Kingdom and broader GCC, we aim to become a preferred catering partner throughout the region for lifestyle, sports, cultural and corporate events.

We aim to target larger garment processing contracts through our Laundry Services, including with major transport service providers, as well as to achieve more energy savings across our operations, and introduce a track & trace function to streamline the process of cleaning and distributing SACC uniforms.

With this expanding footprint for each of our units, we aim to deliver increasing returns and profitability as well as improved financial results and services across all of our segments. Specifically, we will continue to build upon the foundations we have laid in the hospital catering segment and in our developing relationships with government clients, as well as rolling out more frozen meals for the retail sector and ramping up our events catering as this sector recovers. 2020 will also see a further expansion in our cross-selling activities, based on increasing synergies between these segments, as well as further improvements in terms of cost management, building on the successes achieved in this area during the course of 2020.

Above all, we will continue to drive the growth and accelerate the development of the division by establishing new relationships whilst embedding a more customer-centric focus throughout our business to deliver exceptional experiences and services for our customers, clients and stakeholders.

People catered for at Dakar Rally

3,500

Kilos of food provided at Dakar Rally

53,487

Darzan Suites recorded highest occupancy since launch

76%

Another area of imminent expansion, the division also began to ramp up its service provision to the Saudi government during the year.

Leveraging our existing capabilities to open up a brand new revenue stream for SACC, 2020 saw the production and supply of full frozen meals direct to consumers in supermarkets and others stores for the first time, through a new strategic partnership under the 'Siwar' brand. In less than three months, we developed this new concept and brought it to production, with the first purchase order for the new line secured in September 2020.

We also launched a new, branded cafeteria offering, 'Enjoy,' aimed at the labor market. Providing low cost but dependable quality meals for our B&I and Remote Sites customers.

By expanding our engagement in these market segments in 2020, the division has laid the foundations for further expansion and grow going forward, delivering on our dynamic new strategy.

A Dynamic New Strategy for 2020 and Beyond

Our new strategy seeks to establish SACC as a market leader in the Kingdom's catering space, whilst also protecting our core, long-standing partnership with Saudia. We will continue to expand our presence and engagement

Darzan Suites increase in occupancy vs 2019

241%

Darzan Suites 2020 revenue

SAR 7.7M





CORPORATE & SUPPORT SERVICES

Amid the extensive disruption caused by the COVID-19 pandemic, SACC Corporate Services continued to support the efficiency and effectiveness of SACC's business lines through its operational divisions: Health, Quality and Standards Control; Procurement and Strategic Sourcing; Information Technology; and Legal Affairs and Compliance.

SACC's corporate and support services remained fully committed to our organization's comprehensive strategy during 2020, continuing to drive progress toward our goals and deliver advances in our strategic transformation.

The implementation of the SAP Hybris online solution for our new SkySales platform was introduced to boost SACC's eCommerce capacities considerably upon launch in 2021. Further integration has also been achieved across our business, including in finance and procurement, such as via a new document management system and employee service portal providing HR, IT and government services.

Although some of our initiatives were put on hold as a consequence of the disruption caused by the pandemic, we have already begun to re-activate some, whilst the remainder are scheduled to be re-launched in 2021, in parallel with the forthcoming enterprise resource planning (ERP) implementation.

Health, Quality and Standards Control

The SACC Health, Quality and Standards Control (HQSC) division ensures the safety and quality of our products, outlets, equipment and workplaces, through dedicated systems for monitoring and assessing each area of our business.

The division was immediately mobilized to respond to the COVID-19 crisis, by ensuring full compliance with all emergency government requirements and regulations. It quickly developed and adapted policies, procedures and guidelines for this purpose, and oversaw compliance across SACC throughout the pandemic.

Alongside its food safety, quality, workplace safety and security functions, HQSC now also has responsibility for SACC medical services, having been transferred from the Human Resources division in 2020. To this end, the division developed, communicated and implemented more than 60 preventive guidelines and procedures for COVID-19, covering IFC, C&F, our Retail businesses, administration offices and accommodation facilities.

The HQSC division also worked to maintain exceptional levels of food safety – despite the additional logistical and supply chain challenges present – including for the new Siwar line of frozen ready meals launched in 2020, and achieved Halal Certification from SFDA during 2020.

SACC's HQSC CERTIFICATIONS

New in 2020

ISO 45000:2018 – Occupational Health and Safety

ISO 17025 – Competence of Testing and Calibration Laboratories

Existing

GACA R 151 – Ground service provider re-certification of JED station

GACA R 68 – Work permit (in progress)

Gold status Mowaamah Certification – Persons with Disabilities Inclusive Work Environment from Saudi Ministry of Labor

ISO 22000: 2005 – Food Safety Management System

HACCP – Food safety hazard analysis and critical control points

HALAL – SFDA, for Halal food certification

ISO 9001:2015 – Quality Management System

OHSAS 1800: 2007 – Occupational hazards at work

GACA R 151 – Airside safety management system



Corporate & Support Services continued



Procurement and Strategic Sourcing

Our Procurement and Strategic Sourcing (P&SS) division provides a competitive advantage for SACC by decreasing purchasing costs, ensuring robust supply chains, and procuring the right products and services to drive the Company's operations and business success.

In 2020, the division began reporting directly to the CEO and drove business results by helping SACC to win four new contracts worth SAR 20 million in total, which provide SACC greater flexibility to scale up and down based on demand.

Having been awarded the Dakar Rally contract for 2021, following the successful delivery of the 2020 event, we secured the timely procurement of services and products and achieved budget savings of SAR 700,000 for our mobile kitchen operation. We also successfully procured and executed the new terrace project for SACC HQ, thereby increasing staff well-being and improving the working environment.

In addition, P&SS successfully decreased the risk of inventory shortages due to the pandemic through proper alignment and communication with suppliers. It acted to reduce food imports to reflect the low demand resulting from the aviation sector slowdown and focused on inventory reduction initiatives – replacing items in short supply, reviewing menus and working with suppliers to reduce lead times and manage demand uncertainty. It also transferred our stock from outsourced warehouses to in-house facilities to increase efficiency and stock control.

P&SS also coordinated with SAP to delay elements of SACC's transformation project to 2021, in order to prioritize spend and mitigate cash flow risks. It also activated a new category of procurement – General Services – to improve the process for construction projects and corporate services, centralizing the category for better service, lower rates and more control.

Finally, it liaised with IT on a wide range of projects to enhance SACC's procurement systems. Whilst some of these will be

implemented in 2021, during 2020 we succeeded in shifting the operation of C&F from manual to system operation under UCAS. The system has now been implemented at more than 29 locations and covers more than 700 unique items (SKUS) for better control and efficiency, and to lower purchasing costs.

Information Technology

Our Information Technology (IT) division manages and maintains the systems infrastructure and applications that power our business lines, ensuring our operations continue to benefit from the latest in software development and automation.

In 2020, the division prioritized SACC's cyber-security through extensive investments to enhance the standard of our cyber infrastructure, which has translated into a more robust system with a demonstrated ability to repel cyber-attacks. The new system is backed by a SACC Cybersecurity Framework the lays out standards, policies and strategies in compliance with National Cybersecurity Authority (NCA) regulations.

Delivering on the strategic objectives of our expanding program of process automation, we implemented a new SkySales Cart Management System to handle the entire cart process – from managing stock to refilling the carts in the different stages – and a traffic system to manage high-loader movement and track driver assignments.

We also activated a new Service Portal to automate more than 200 services in IT and HR and implemented a new Document Management System to providing document management, classification and retrieval, all under an enhanced encryption regime. This was complemented by a new eSignature System, DocuSign, which has dramatically increased the efficiency and security of approval processes and is now contributing to establishing a fully paperless environment.

Legal Affairs and Compliance

The Legal Affairs and Compliance division oversees all legal aspects of our business, managing transactions through our Legal Plus platform, advising clients throughout the Company on a variety of legal matters, and ensuring compliance with all applicable laws and regulations.

We implemented fully remote legal operations to allow our people to work in safety during the COVID-19 crisis. Therefore, despite the potential for disruption to our activities from the pandemic, we achieved a 93% case success rate in 2020, having undertaken 64 active cases in 2020/2021 and more than 150 cases since 2015, all of which have been managed internally. Our legal team also handled more than 300 contract applications and 397 legal advice requests via Legal Plus.

Also in 2020, our Corporate Governance team passed the IFSAH professional exam, which is conducted by the Saudi Stock Exchange (Tadawul) and aims to enhance highest standards of transparency.

SACC Corporate Services in 2021

In 2021, the divisions of SACC Corporate Services will refocus their energies on delivering those initiatives that were delayed by the pandemic in 2020, with a view to propelling the transformation of the Company toward greater efficiency and reduced operating costs.

In keeping with our strategic objectives, we will continue to support all business lines by reviewing operating models, streamlining processes and identifying opportunities for automation.

Our P&SS division has plans in place to establish a new operating model and structure, moving toward more centralized procurement to control costs; to establish a new contract management system to manage contracts with all suppliers under one umbrella; to introduce more comprehensive planning functions; and to initiate a price index project to highlight potential savings in procuring key materials.



Mobile kitchen operation savings

SAR 700,000

Procurement system at 29 locations covers

700 ITEMS

Automated services through new portal

200

Risk Management

SACC is committed to identifying and mitigating risks by planning, monitoring and controlling activities across its divisions and operations, in order to avoid and minimize factors that may potentially limit the Company's ability to achieve its strategic objectives.

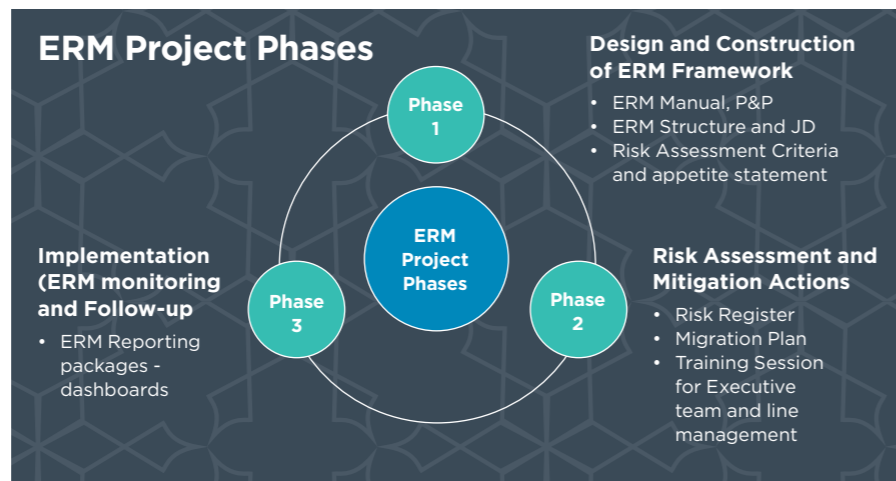
A Year of Progress towards Robust Risk Management

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

SACC's Board of Directors is ultimately responsible for Risk Management in the Company, by setting the corporate culture and tone at the top through a comprehensive Risk Management program. This is an essential element of sound Corporate Governance and SACC is committed to continuously embedding Risk Management in its organizational culture. SACC's Audit Committee has an oversight role through the Internal Audit function, while SACC's Executive Management upholds the risk ownership and required infrastructure.

SACC's strategic approach to Risk Management is designed to:

- Enhance SACC Management's ability to anticipate, adapt and respond to changes.
- Provide SACC's Board and Management with the risk information they need to make more informed decisions.
- Define risk roles and responsibilities explicitly.
- Provide the platform for leveraging risk information in strategic planning and key processes.
- Improve SACC's reputation and public confidence.
- Enable better understanding of risk fluctuations throughout the organization, providing comparability over time.
- Develop and implement appropriate risk mitigation and monitoring plans by risk owners.
- Identify and assess a broad array of risks that could negatively impact the achievement of SACC's goals and objectives.
- Ensure appropriate risks are taken within SACC's stated Risk Appetite.



Launching Enterprise Risk Management

In 2019, SACC launched an initiative to establish an Enterprise Risk Management (ERM) function to enhance Risk Management capabilities and integration across the Company.

This ERM initiative consisted of three phases, starting with ERM awareness and framework design, leading to risk assessment and mitigation, and finally to ERM implementation, monitoring and follow-up. As of the end of the year, SACC had accomplished the first two phases.

In 2020, SACC completed the third phase by developing and structuring the ERM function with the issue of ERM fundamental content, ERM policies and ERM procedures, with the consensus of the Audit Committee and Board of Directors. A new department was created under HSSC to manage the ERM function.

Risk Framework

SACC's ERM function framework was established based on a combination of ISO:31000 and the new COSO

framework, in addition to COBIT for IT and Cybersecurity-related risks.

Risk assessment criteria have been developed based on three main streams: Airlines, Retail and Catering & Facilities. To assess each risk's severity, a risk matrix was created by defining different levels of impact and likelihood of risks.

Good practice in Risk Management also indicates that organizations should specify their appetite for risk at a granular level related to the nature of activities in the organization.

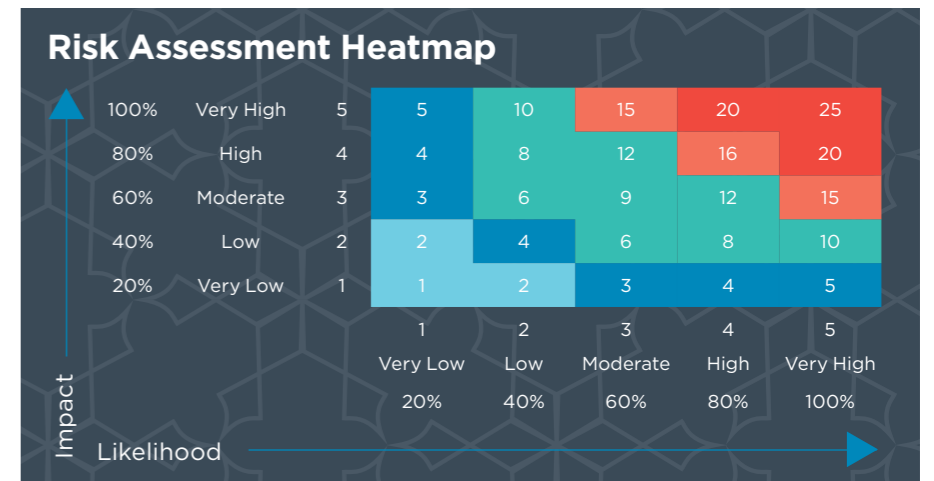
Risk Appetite

Risk Appetite is the extent of risk that SACC is ready to accept in order to achieve its objectives. It differs according to each strategic objective and risk category. SACC's risk limits are set out in the following risk appetite statements.

SACC is committed to execute all strategic initiatives to achieve its corporate Vision and Mission. The Company's approach is to minimize its exposure to risks relating to its regulatory

and compliance responsibilities, operations and people, whilst accepting and encouraging an increased degree of risk in the pursuit of its Vision and Strategic Objectives. In addition, it is fully committed to the protection of its assets and a high retention rate of its employees by satisfying their needs in order to maintain business continuity. It does not tolerate risks to ethics or quality.

SACC recognizes that its Risk Appetite varies according to the activity undertaken, and that its acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before developments are authorized, and that appropriate measures to mitigate risks are established, where required.



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

Risk Management (continued)

Risk Universe

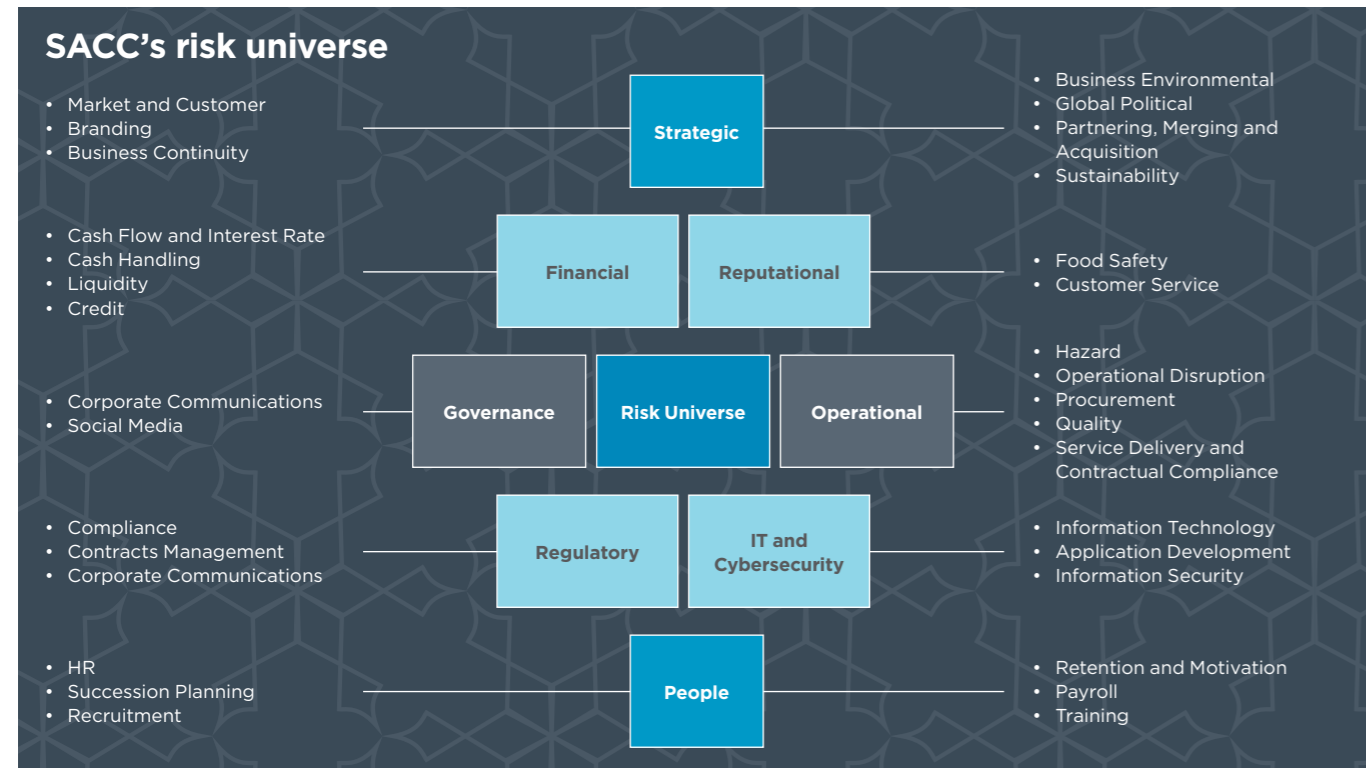
SACC's Risk Universe illustrates the specific risk environment in which the Company operates, framing key sources of risk to which SACC may be exposed. This represents the minimum scope of application of SACC's Risk Management processes, which consists of eight principal risk categories: Strategic, Reputational, People, IT & Cybersecurity,

Regulatory, Governance, Financial and Operational Risks.

SACC continuously reviews and updates its Risk Universe to ensure an accurate representation of its strategic and operating environments. The Company anchors each identified risk in the relevant risk category to enable decision-makers to contextualize and understand

the interrelationships between SACC's activities and associated risks.

To be effectively managed, risks need to be identified and understood in advance. Risk treatment and mitigation plans must be established, and continuous follow-up must be in place for related controls. Consequently, Risk Management is an essential part of SACC's strategic and operational management.



Principal Risks and Mitigation

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

Financial Risks

Cash Flow and Interest Rate Risk

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

Credit Risk

Credit Risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to SACC. The Credit Risk arising from cash and cash equivalents, and from deposits with banks and financial institutions, is limited because the counterparties are banks and financial institutions which, in general, have investment-grade ratings assigned by international credit rating agencies.

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

Liquidity Risk

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

Strategic Risks

Business Environment Risk

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

Market and Customer Risk

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

Global Political Risk

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

IT and Cybersecurity Risks

Information Technology and Cybersecurity Risks related to SACC's internal operations are constantly identified and mitigated using network security, endpoint protection, access risk management and vulnerability management. The IT department monitors internal threat exposure levels with vulnerability-scanning capabilities and coordinates responses to identified cybersecurity incidents. The management team also closely monitors SACC's information security capabilities.

The Company relies on a variety of IT systems to manage and deliver services and communicate with clients, consumers, suppliers and employees. The management team focuses on maximizing the effectiveness of information systems and technology as a business enabler, while minimizing resulting costs and exposure.

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

People Risks

Recruitment Risk

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

Retention and Motivation Risk

Retaining and motivating the best people with the right skills at all levels of the organization is vital to SACC's long-term success. The Company has established training, development, performance management and reward programs to retain, develop and motivate its people.

Effective communication channels help the senior management team to monitor, understand and respond appropriately to employees' needs.

Operational Risks

Hazard Risk

The Company's occupational health and safety systems, and crisis management guidelines are designed to protect its employees. Appropriate insurance is in place for all personnel. SACC operates at all major airports in industrial-size catering units, two laundry plants and numerous other smaller premises, including catering outlets, retail shops, lounges, industrial sites, on-shore oil rigs, hospitality, railway catering, etc. SACC leases the majority of its sites.

During operations, SACC is exposed to risks in areas such as occupational health, employee safety, environment, fire, natural events and site security. The Company manages these risks with established management procedures and loss prevention programs. Risks that cannot be directly influenced are transferred, where feasible, to insurance companies.

SACC established a number of guidelines and procedures to respond to the COVID-19 pandemic across all areas of its businesses.

Service Delivery and Contractual Compliance Risk

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



OUR PEOPLE

Taking the lead in SACC's response to the COVID-19 pandemic, the Human Resources division moved immediately to protect our people from the virus, implementing a comprehensive raft of measures to ensure their safety whilst maintaining business continuity throughout the crisis.

Driven by our agile People Strategy, SACC Human Resources aims to enhance performance across the organization by improving HR functions and efficiency, raising employee health, wellness and job satisfaction, developing relevant skills and cultivating a performance-driven culture. By delivering this people-centric vision, HR intends to safeguard the future of the company by growing and nurturing generations of exceptional leaders and employees.

True to our purpose of protecting the wellbeing of our people, our priority in 2020 was to ensure the health and safety of our employees in facing the coronavirus pandemic, cooperating closely with the Saudi Ministry of Health and other governmental entities.

Responding to COVID-19

In our workplaces, we provided medical equipment and body temperature thermometers for our medical and security operations at all company entrances. We distributed disposable masks and hand sanitizer to all staff, both in our offices and in our company accommodation. This was supported by our fully-equipped, in-house medical clinic and diligent medical staff, who received specialist training to take samples and conduct rapid diagnostic testing for COVID-19.

We also replaced our physical fingerprint access system for access within SACC offices, using ID access cards instead to reduce the likelihood of spreading the virus among employees, and we also transitioned all staff training to online delivery methods for increased employee safety.

Isolation rooms equipped with medical supplies were also provided in designated areas of our staff accommodation, which were used for the 21-day mandatory isolation of employees who tested positive for the virus, through our privately contracted lab-based testing regime.

Our COVID-19 response also included a public information campaign for our employees, comprising digital elements, posters, roll-ups and visual reminders of necessary precautions throughout our offices and accommodations across the Kingdom.

Protecting our People. Safeguarding our Business.

Given the unprecedented pressures the pandemic placed on individuals and communities, employee retention was a

key commitment for SACC in these uncertain times. As such, no layoffs were implemented as a result of the pandemic.

Throughout 2020, we sought to provide additional support to our people, particularly those who had contracted the virus and the thousands of employees whose families faced increased responsibilities to their families back in their home countries. Some Saudi employees benefited from the SANED government furlough program, while others were working part time. Another group of employees took leave without pay – these employees were eligible for special loans upon request, which were repaid from their salaries through small installments once they returned to work.

We provided support to the more than 300 staff who were stranded abroad as a result of travel restrictions, fulfilling our contractual obligations and retaining them on the SACC payroll.

As well as ensuring compliance with the requirements of all government initiatives to combat the spread of COVID-19 and safeguard our employees, we also introduced a flexible temporary organizational chart, whereby we shifted certain roles internally for employees to support other functions to meet emergency business needs during the pandemic.

Another key priority for SACC Human Resources was to ensure the operational continuity of our workforce throughout the crisis by securing permits for employees to move freely during curfews.

Our People in 2020

Total employees

3,598

Saudi Nationals

1,162 (32%)

Average age

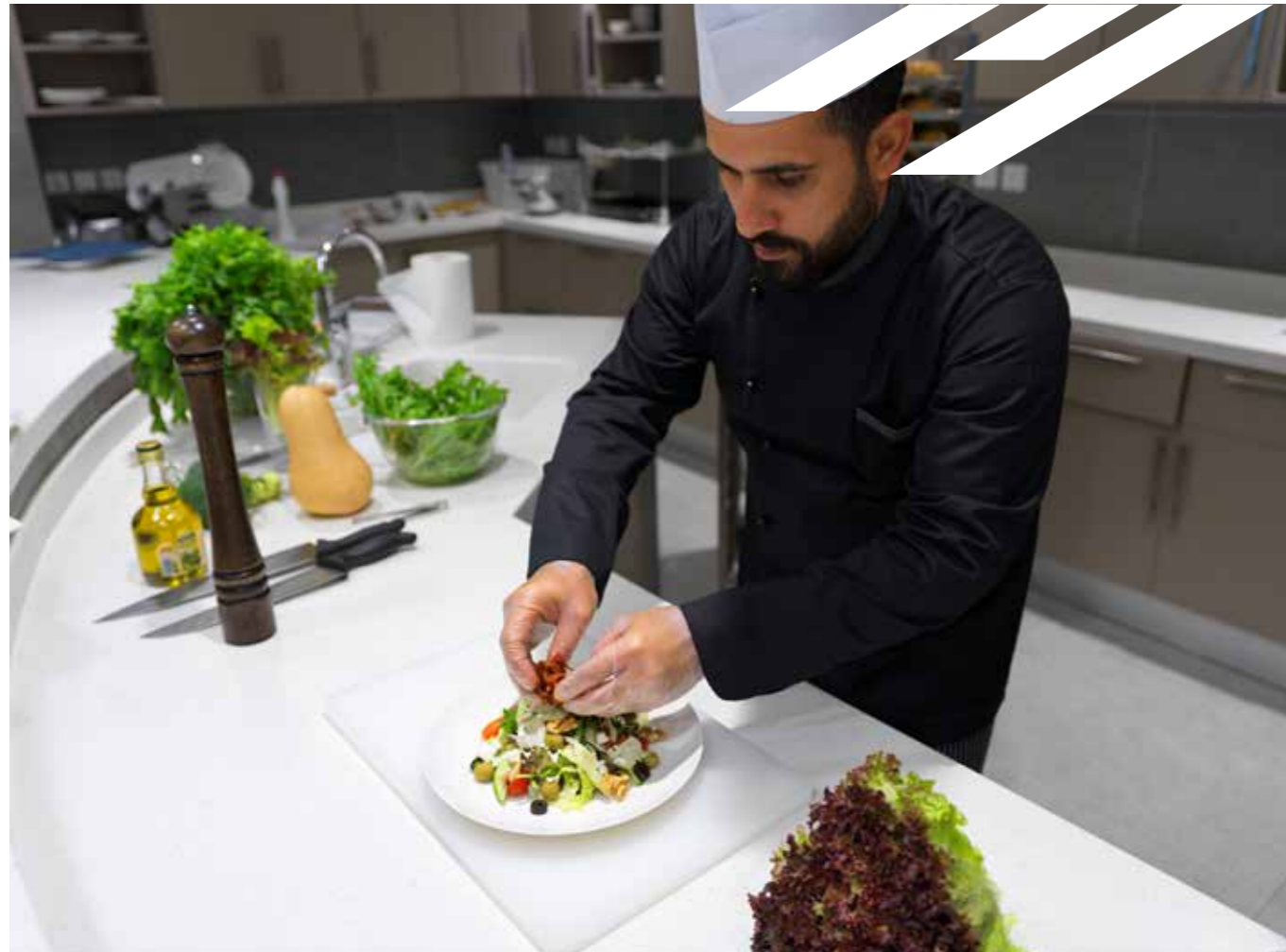
36 YEARS

Positions filled

167



Our People continued



An Agile and Responsive People Strategy

Responding to the challenging new environment created by the pandemic, the SACC HR division embarked on a transformation in strategy in 2020, which began with the incorporation of updates and revisions to our processes, workflows, policies and authority matrix.

We adjusted our highly-adaptable People Strategy to generate a new three-year roadmap, which reflected the unprecedented circumstances faced by our business and staff. This new strategic plan, created in harmony with the company's objectives and post-pandemic planning, included the introduction of flexible working hours and remote working provisions; a streamlined benefits policy; new housing and transportation policies covering annual air tickets; and changes to our medical insurance eligibility criteria. We also automated several HR services for our employees to increase productivity and efficiency.

Employee Wellness

To support our employees' general wellness during lockdown, we delivered online fitness workouts and created medical and wellness posts and announcements on social media. We held SWOT workshops for our HR functions, and provided cancer awareness sessions in collaboration with our healthcare provider.

Expanding the scope of our corporate benefits provision to employees, we added two new mobile applications – namely "Exclusave" and "Golden Alliance" – incorporating several new benefits and commercial offers, in collaboration with our major partner, Saudia.

Our corporate benefits policy was also updated within the ongoing roll-out of our Total Rewards program, providing new allowances covering education and mobile phones, subject to specific criteria.

Special recognition was also provided to individual employees who made

extraordinary contributions to the Company's response to the COVID-19 crisis.

Our Diverse, Dynamic Workforce

As of December 31, 2020, our workforce comprised 3,598 employees, including 235 women – 8% of whom are in supervisory roles. We employed 1,162 Saudi nationals at year-end, representing 32% of our total workforce. The average age of our employees is 36 years.

We filled 167 positions during the course of 2020, 86 full time hired, while 98 were hired internally for the Dakar project. In total, 600 interviews were conducted and 40 personality assessments completed for certain critical roles.

As part of our progressive automation and digitization of HR processes, we initiated job postings via the SACC career portal, and began exclusively accepting electronic CVs. We also enhanced SACC's presence on LinkedIn through directed campaigns and carefully placed job

Training in 2020

Trainees

1,528

postings, and automated the recruitment requests (RR) process through our recruitment platform.

Learning and Professional Development

We delivered significant progress in building the capabilities of our people in 2020, providing 151 technical and soft skill training programs for 1,528 participants (40.6% of our workforce), delivering a total of 679 training hours, of which 69% were delivered online. As part of our capability building strategy, 14 SACC employees graduated from the "Bulletproof Managers" program.

To enhance our communication with employees regarding our various training initiatives, our Talent Development Unit launched a new SMS announcement system, providing key information about our programs in advance of training events.

Training hours

679

Developing and Supporting our People in 2021

As we enter 2021, SACC Human Resources will continue to safeguard the health and safety of our people, supporting their needs and ensuring the business has the right people to deliver the fast and efficient execution of the Company's new corporate strategy as international travel rebounds.

The Human Resources team will maintain its focus on increasing our employees' health awareness through digital and printed channels, sharing the latest governmental guidelines and recommendations, as well as ensuring full adherence to established guidelines and protocols.

Performance management

Our new Performance Management System, initially planned for rollout in 2020, will be updated and fully

Training delivered online

69%

implemented in 2021, providing SACC's performance management policy, procedures and KPIs.

Serve+

We will introduce a new Customer Relationship Management (CRM) system and platform – called "Serve+" – to track and address employee concerns and provide quick and effective support. This system aims to enhance our internal customer experience and increase employee satisfaction.

In the coming year, SACC HR also plans to engage in a variety of initiatives to assess core competencies and maps skills, implement a succession plan to ensure business sustainability, and introduce a new leadership training plan.



GOVERNANCE

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Corporate Governance

1. EVP Corporate Services & General Counsel Overview

The unprecedented events of 2020 presented unique challenges for economies and organizations across the Kingdom of Saudi Arabia and around the world. SACC's Corporate Governance model was put to the test and showed its strength and resilience through swift and streamlined decision making models that effectively supported our business, people and stakeholders.

The continuous focus and investment in best practice Corporate Governance and Risk Management over the years has created a dynamic checks and balances culture that is an integral part of our corporate DNA. We take pride in the way we responded to the COVID-19 pandemic, with material decisions made

in a smooth and decisive manner to activate previously created committees with clear roles and responsibilities and put into action our cohesive business continuity plan.

As one of Saudi Arabia's leading companies in terms of implementing highly secure governance frameworks, we were well-equipped with the necessary structures and processes across all our operations, support services and Board activities, which are policy driven at all times. Such frameworks are manifested successfully through the Company's second line of defense, our compliance and internal auditing functions.

Across the Company, we are constantly implementing, checking and validating

our governance and risk capabilities, wherever possible, without allowing such controls to compromise the overall efficiency and speed that lies at the heart of our ability to adapt and diversify, in order to ultimately fulfill our corporate vision and strategic objectives.

For the fourth consecutive year, SACC has been recognized as one of the leading companies in the Kingdom of Saudi Arabia for our Corporate Governance practices. Moreover, our Annual Report for 2019 was ranked in the top ten in the Middle East & North Africa for the third consecutive year by the Middle East Investor Relations Association (MEIRA).

We are proud to assure all our stakeholders that SACC is on solid footing in terms of Corporate Governance, with clear objectives that emphasize our core values of transparency, integrity and discipline.

Sultan Al-Booq
EVP Corporate Services & General Counsel



2. Company's main activities

- In-Flight Catering
- Retail
- Catering and Facilities

Activity	Revenue in SAR*	Percentage
In-Flight Catering	673,519,957	61.14%
Retail	64,601,876	5.86%
Catering and Facilities	199,548,198	18.12%
Total reportable segments	937,670,031	85.12%
Other segments	163,849,897	14.88%
Total	1,101,519,928	100%

* Revenue includes internal income.

3. Affiliates' main activities

- Operating and managing duty free shops
- Providing catering services

Activity	Revenue in SAR	Percentage
Operating and managing duty free shops	98,075,233	100%
Providing catering services	0	0%
Total	98,075,233	100%

* SACC for Catering Services Co. did not achieve any revenues during 2019 and 2020 due to its establishment on 04/06/1441H corresponding to 12/03/2019, noting that the company's first fiscal year will end on 12/31/2020.

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

Details on the Company's plans and future expectations are provided in pages 4 to 63, whereas the following schedule shows the Company's main decisions and events during 2020, which have been announced in the official webpage of the Capital Market Authority 'Tadawul'.

Main decisions:

Date	Decision
04/11/2020	Saudi Airlines Catering Co. announces its Interim Financial Results for the Period Ending on 2020-09-30 (Nine Months)
18/10/2020	Announcement from Saudi Airlines Catering Co. regarding the distribution date of 2019 4th quarter dividend
13/08/2020	Saudi Airlines Catering Co. announces its Interim Financial Results for the Period Ending on 30-06-2020 (Six Months)
20/05/2020	Saudi Airlines Catering Co. announces its Interim Financial Results for the Period Ending on 2020-03-31 (Three Months)
22/04/2020	Saudi Airlines Catering Co. announces the results of the Ordinary General Assembly Meeting (First Meeting)
16/04/2020	Saudi Airlines Catering Company (SACC) announces to its Shareholders the Starting date of the Electronic Voting on the Ordinary General Assembly Meeting Agenda (First Meeting)
26/03/2020	Saudi Airlines Catering Company's Announcement to Invite its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting)
22/03/2020	Saudi Airlines Catering Co. announces a material development pursuant to the precautionary directive issued by the Government to contain spread of coronavirus
18/03/2020	Saudi Airlines Catering Co. announces a material development pursuant to the precautionary directive issued by the Government to contain spread of coronavirus
18/02/2020	Saudi Airlines Catering Co. announces the distribution of cash dividend for Fourth quarter 2019
18/02/2020	Saudi Airlines Catering Co. announces its Annual Financial Results for the Period Ending on 2019-12-31
05/01/2020	Saudi Airlines Catering Co. Announces Appointment of a Board Member

Corporate Governance (continued)

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

In Saudi Arabian Riyals ('SAR')

Net Profit		Total Assets		Total Liabilities	
2020	(334,686,399)	2020	2,307,000,606	2020	1,446,923,721
2019	463,933,403	2019	2,504,265,024	2019	1,198,613,083
2018	459,280,884	2018	2,085,785,659	2018	784,330,202
2017	481,737,979	2017	1,882,961,406	2017	600,016,458
2016	519,105,487	2016	1,881,785,352	2016	621,195,805

Declaration	2016	2017	2018	2019	2020
Current Assets	1,235,756,877	1,192,668,183	1,415,363,541	1,331,922,935	1,279,061,306
Non-current Assets	646,028,475	690,293,226	670,422,118	1,172,342,089	1,027,939,300
Total Assets	1,881,785,352	1,882,961,409	2,085,785,659	2,504,265,024	2,307,000,606
Current Liabilities	457,923,163	431,018,258	616,906,370	605,361,494	869,087,478
Non-current Liabilities	163,272,642	168,998,200	167,423,832	593,251,589	577,836,243
Total Liabilities	621,195,805	600,016,458	784,330,202	1,198,613,083	1,446,923,721

6. Business Comparison (5 years) SAR

Declaration	2016	2017	2018	2019	2020
Revenue	2,256,650,268	1,952,564,940	2,035,757,930	2,156,266,255	926,573,642
Cost of Revenue	1,490,899,501	1,229,772,985	1,339,278,458	1,369,334,227	(884,339,821)
Zakat and Income Tax	33,505,845	41,669,319	37,114,177	39,134,091	18,844,869
Gross Profit	765,750,767	722,791,955	696,479,472	786,932,028	42,233,821
Net Profit	519,105,487	481,737,979	459,280,884	463,933,403	(334,686,399)

7. Geographic analysis of revenue SAR

Year	Geographic analysis for total income of the Company		
	Saudi Arabia	Egypt	Total
2020	910,774,024	15,799,618	926,573,642

8. Affiliate's geographic analysis of revenue SAR

Year/2020	Geographic analysis for total income of the Company	
	Saudi Arabia	Total
Saudi French Company for Operating and Managing Duty Free Shops	98,075,233	98,075,233
SACC for Catering Services	0	0

SACC for Catering Services Co. did not achieve any revenues during 2019 and 2020 due to its establishment on 04/06/1441H corresponding to 12/03/2019, noting that the company's first fiscal year will end on 12/31/2020.

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

	2019 SAR	2020 SAR	Change (+) or (-) SAR	Percentage of change
Revenue/sales	2,156,266,255	926,573,642	(1,229,692,613)	(57.03%)
Cost of revenue	(1,369,334,227)	(884,339,821)	484,994,406	(35.42%)
Gross profit	786,932,028	42,233,821	(744,698,207)	(94.63%)
Other operating income	8,951,631	5,037,106	(3,914,525)	(43.73%)
Other operating expenses	(3,851,112)	(1,526,903)	2,304,209	60.35%
Operating income (loss)	539,381,523	(270,685,206)	(810,066,729)	(150.18%)

10. Subsidiaries' details

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

11. Company's loans

During the year 2020, the company obtained the loans and bank facilities referred to below for the purpose of enhancing its cash flow in line with its operational requirements:

Lender name	Type of financing	Principal amount	Loan term	Repaid amount within the year	Remaining amount	Total debt of company and its subsidiaries
Saudi British Bank (SABB)	Short-term loans, Islamic Murabahah	300,000,000	6 months	0	300,000,000	

12. Board of Directors

Based on the Company's bylaws, the Board of Directors of Saudi Airlines Catering Company is currently formed of nine members for a term of three Gregorian years commencing on January 26th, 2019 and ending on January 25th, 2022. These members were appointed through elections by the Extraordinary General Assembly during the meeting held on 17th December, 2018.

Mohammed Al Sarhan was appointed as the Chairman of the Board by the members of the Board of Directors during the meeting held on January 27th, 2019 and Sami Al Hokair was appointed as the Vice-Chairman of the Board for the same term under the powers granted to the Board according to Article 23 from the Company's bylaws. The committees emanating from the Board were also formed during the Board meeting dated 27th January 2019, which are the Audit Committee and Nomination and Remuneration Committee, while the Executive Committee was not formed by the foregoing Board but was later on established by the current Board during their meeting which was held on December 15th, 2019.

On 10/05/1441H corresponding to 05/01/2020 Mr. Fadi Majdalani was appointed as board director as a successor of his Excellency Mr. Fahd bin Abdul Mohsen Al-Rashid who resigned from the Board due to his personal circumstances on 08/04/1441H corresponding to 05/12/2019.

Mohammed Abdulaziz Al Sarhan

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

Current positions

- Chairman of the Board of Directors of the National Shipping Company of Saudi Arabia

Previous positions

- Member of the Board of European Islamic Investment Bank
- Member of the Board of Directors of Rasmala Company, Dubai
- Member of the Board of Directors of Qatar Engineering & Construction Company (QCon)
- Chairman of the Board of Directors of Al Safi Danone Company Limited

Academic qualifications

Bachelor of Science from Oregon State University, USA

Professional experience

Al-Sarhan has extensive experience in management, energy, nutrition, and logistics sector for over 35 years in both the public and private sectors. Al-Sarhan worked at the beginning of his career in various activities in the sectors of the petroleum industry and the distribution of his products. He also participated in many conferences, training courses, seminars, and economic forums in various areas of management within the Kingdom of Saudi Arabia and in many countries of the world. He also worked in the nutrition sector, professional services, transportation and logistics services where He held several leadership positions in companies such as: Al-Faisaliah Holding Group. He currently chairs the Board of Directors of Bahri Company and Goknur for Juice Company in Turkey, and participates in the Board of director of Al Faisaliah Holding Group.

Corporate Governance (continued)

12. Board of Directors (continued)

Sami Abdulmohsen Al-Hokair

Vice Chairman of the Board of Directors (Non-Executive), Executive Committee member

Current positions

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

Previous positions

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

Academic qualifications

- Bachelor of Administrative Science, King Saud University

Professional experience

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

Hasan Shakib Al Jabri

Board member (Independent), 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
- Deputy Chairman of the Board of Directors and Chairman of the Executive Committee of the Dar Al Tamlek Company
- 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)
- Member of the Board of Directors of Yusr International School

Previous positions

- Chairman of the Board of Directors of SEDCO Luxembourg for Financial Investments
- Chairman of the Board of Directors 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 of 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-Ahli Capital
- Head of Corporate Banking Department at National Commercial Bank
- Deputy CEO of the Dar Al-Maal Al-Islami Trust
- An official at the Saudi American Bank (Samba Financial), in which 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 35 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, and Arabian Petroleum Supply Company (APSCO).

Raed Ibrahim Al Mudaiheem

Board member (Independent), Member of Audit committee, Member of the Executive Committee

Current positions

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

- 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.

Jonathan Stent-Torriani

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

Current positions

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

Previous positions

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

Academic qualifications

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

Professional experience

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

Corporate Governance (continued)

12. Board of Directors (continued)

Yousef Hamad Al Yousfi

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

Current positions

- Partner and Head of Investment in the Future Investment Company
- Chief Executive Officer of Jawa Energy Company

Previous positions

- Founder and Chairman of the Board of Directors of Jawa Energy Company
- Chief Investment Officer at Saudi Development and Technical Investment Company (TAQNIA)
- Member of the Board and Nomination and Remuneration Committee of Leejam Sports Company
- Sector Analyst at Passport Capital USA
- Adviser, King Abdullah Petroleum Studies and Research Center
- Associate at Jadwa Investment Co.
- Consultant at Booz & Company
- Wireline Field Engineer/Project Manager at Schlumberger Co.
- Communications Engineer at Saudi Aramco
- Project Lead and Senior Research Associate at King Abdullah Petroleum Studies and Research Center

Academic qualifications

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

Professional experience

Al-Yousifi has extensive experience in the field of energy and investment spanning more than 25 years, during which he served as the Director of Investments and the founder of the Riyadh Fund for Technology, the Saudi Company for Development and Technical Investment (TAQNIA), Analyst at Passport Capital, California, USA, adviser to the King Abdullah Center for Petroleum Studies and Research, Co-official in the ownership department of Jadwa Investment Company, Adviser at Strategy & Co. previously known as CO & BOOZ in the USA, Oilfield Engineer at Schlumberger, USA. Communications Engineer at Saudi Arabian Oil Company (Saudi Aramco). Al-Yousifi also participates in the membership of several companies, such as member of the risk committee in the Saudi Fransi Capital Company, a member of the nominations committee and a member of the investment committee of Medgulf Insurance Company, a member of the board of directors of Sada Investment Company.

Khaled Mohammed Al Hukail

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

Current positions

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

Previous positions

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

Academic qualifications

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

Professional experience

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

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

Abdulkarim Essoulami

Board member (Non-Executive)

Current positions

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

Previous positions

- Professor at the University of Rabat in Morocco

Academic qualifications

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

Professional experience

Essolami has extensive experience spanning more than 40 years, Established and driven executive Leader and Distinguished Visionary with more than 40 years experience influencing Growth, Performance and Profitability of local and International Businesses and Firms. Great knowledge and expertise In Luxury gastronomy, hospitality, catering and the event planning. Currently Essolami is holding several job positions and heads and participates in the membership of several major companies and institutions specialized in providing catering, catering and support services to many governmental and private agencies such as airports, train stations and other public and private companies and institutions, and luxury hotels. Essolami has a great experience in the food and luxury gastronomy and drinks industry for well-known international brands, as well as good experience in the field of management, supervision and training in the field of catering, planning, budgeting, development, project preparation and follow-up in addition to experience in the banking field.

Fadi Majdalani

Board member (Independent), member of the Executive Committee

Current positions

- Managing Partner, Excelsa Holding, Lebanon
- Board Member, Ghassan Ahmad Al Sulaiman Furniture Trading Company, KSA
- Chairman of the Board of Directors, Endeavor Lebanon

Previous positions

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

Academic qualifications

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

Professional experience

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

Corporate Governance (continued)

12. Board of Directors (continued)

12-1. Board of Directors' meetings

Name/ Meeting date	Mohammed Al Sarhan	Sami Al Hokair	Hassan Al Jabri	Yousef Al Yousefi	Khaled Al Hukail	Raid Al Mudaiheem	Jonathan Torriani	Abdulkarim Essolami	Fadi Majdalani
17/02/2020	✓	✓	✓	✓	✓	✓	✓	✓	✓
17/03/2020*	✓	✓	✓	✓	✓	✓	✓	x	✓
24/03/2020*	✓	✓	✓	✓	✓	✓	✓	x	✓
31/03/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
07/04/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
21/04/2020*	✓	✓	✓	✓	✓	✓	✓	x	✓
29/04/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
12/05/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
19/05/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
22/06/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
28/07/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
12/08/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
27/10/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
03/11/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
10/12/2020*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Total	15	15	15	15	15	15	15	12	15

* Meetings held via conference call, as part of the preventive and precautionary efforts and measures taken by the relevant and competent authorities to confront and prevent the spread of the Coronavirus (COVID-19), the Board has also intensified its meetings during this period in order to ensure and follow-up on company's situation.

12-2. Current and previous memberships of Boards of Directors and/or their membership of Executive Management in other companies (local or international)

Mohammed Abdulaziz Al Sarhan

Current Board and Management memberships

- Chairman of the Board of Directors Al Faisaliah Holding Group KSA (Ltd.)

Previous Board and Management memberships

- Vice President for Distribution Affairs, The Saudi Arabian Marketing and Refining Company 'SMAREC', KSA public establishment
- Vice President, Al Faisaliah Holding Group, KSA (JCC)
- Consultant at Al-Faisaliah Holding Group, KSA (JCC)
- Managing Director and CEO of Al Safi Danone Company Limited, KSA (Ltd.)

Sami Abdulmohsen Al-Hokair

Current Board and Management memberships

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

Previous Board and Management memberships

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

Jonathan Stent-Torriani

Current Board and Management memberships

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

Previous Board and Management memberships

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

Raed Ibrahim Al Mudaiheem

Current Board and Management memberships

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

Previous Board and Management memberships

- Board Member, Arabian Pipes Co., KSA (Listed)

Hasan Shakib Al Jabri

Current Board and Management memberships

- CEO of the Saudi Economy and Development Holding Company for Securities SEDCO, KSA (Ltd.)
- Member of the Board of Directors of Elaf Travel & Tourism - Elaf Group, KSA (Ltd.)
- Deputy Chairman of the Board of Directors and Chairman of the Executive Committee of the Dar Al Tamlek Company, KSA (JCC)
- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company, KSA (Listed)
- Member of the Board of Directors of the Arab Petroleum Products Trading Company (APSCO), KSA (JCC)
- Member of the Board of Directors of Al Yusr International School, KSA (Ltd.)

Previous Board and Management memberships

- CEO of the Saudi Economy and Development Company for Securities SEDCO, KSA (Ltd.)
- Chairman of the Board of Directors of SEDCO Luxembourg for Financial Investments, outside KSA (Ltd.)
- Chairman of the Board of SEDCO Capital International Funds for Financial Investments, outside KSA (Ltd.)
- Member of the Board of Directors of Ahmed Mohamed Salah H. Baeshen & Co., KSA (JCC)
- Member of the Board of Directors, Roots Group Arabia, KSA (JCC)
- Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Airlines Catering Company, KSA (Listed)
- Board member and head of investment banking business and managing director of Al-Ahli Capital, KSA (Listed)
- Head of Corporate Banking Department at National Commercial Bank, KSA (Listed)
- Deputy CEO of the Dar Al-Maal Al-Islami Trust, Bahrain (Financial establishment)
- An official in the Saudi American Bank (Samba Financial), KSA (Listed)

Corporate Governance (continued)

12. Board of Directors (continued)

12-2. Current and previous memberships of Boards of Directors and/or their membership of Executive Management in other companies (local or international) (continued)

Yousef Hamad Al Yousefi

Current Board and Management memberships

- Member of the Board of Directors, Chairman of Nomination and Remuneration Committee of Saudi Fransi Capital Company, KSA (Listed)
- Member of the Board of Directors, Member of the Nomination Committee and member of the Investment Committee of Medgulf Insurance Company, KSA (Listed)
- Member of the Board of Directors of Sada Investment Company, KSA (Ltd.)
- Partner and Head of Investment in the Future Investment Company, KSA (Ltd.)
- Founder of Jawa Energy Company and Head of shareholder, KSA (Ltd.)
- Member of the Board, Chairman Nomination and Remuneration Committee and member of the Investment Committee of Medgulf Insurance Company, KSA (Listed)
- Member of the Investment Committee of the Venture Capital, KSA (Ltd.)
- Member of the Board of Directors of the Saudi Post Corporation, KSA (Government Sector.)
- Member of the Board of Directors of Saudi Postal and logistics company, KSA (Listed).

Previous Board and Management memberships

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

Khaled Mohammed Al Hukail

Current Board and Management memberships

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

Previous Board and Management memberships

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

Abdulkarim Essoulami

Current Board and Management memberships

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

Previous Board and Management memberships

Professor at the University of Rabat in Morocco, public establishment

Fadi Majdalani

Current Board and Management memberships

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

Previous Board and Management memberships

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

12-3. Board Members' Benefits

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

Board name	Beginning of year	End of year	Net change	Percentage change	Relative ownership
	Number of shares	Number of shares			
Mohammed Al Sarhan	70,000	30,000	40,000	-57.14	00
Sami Al-Hokair	0	0	0	0	0
Raed Al Mudaiheem	1,000	1,000	0	0	0
Fadi Majdalani	0	0	0	0	0
Jonathan Torriani	0	0	0	0	0
Hasan Al Jabri	0	0	0	0	0
Yousef Al Yousefi	0	0	0	0	0
Khaled Al Hukail	100	100	0	0	0
Abdulkarim Essolami	0	0	0	0	0

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

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

Corporate Governance (continued)

12. Board of Directors (continued)

12-3. Board Members' Benefits (continued)

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

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

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

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

12-4. Forming the Board of Directors & Membership Type

Member of Board of Directors	Type of membership
Mohammed Al Sarhan	Independent member (Chairman of the Board, Nomination & Remuneration Committee member, Executive Committee member)
Sami Al-Hokair	Non-Executive member (Vice Chairman of the Board, Executive Committee member)
Raed Al Mudaiheem	Independent member (Audit Committee member, Executive Committee member)
Fadi Majdalani	Independent member (Member of Executive Committee)
Jonathan Torriani	Non-Executive member (Nomination & Remuneration Committee member, Executive Committee member)
Hasan Al Jabri	Independent member (Chairman of Audit Committee)
Yousef Al Yousefi	Independent member (Chairman of Nomination & Remuneration Committee)
Khaled Al Hukail	Independent member (Nomination & Remuneration Committee member)
Abdulkarim Essolami	Non-Executive member

12-5. Remuneration of Board Members

Pursuant to article 76 of the Company's Law and as per article 22 of the Company's bylaws, the Board of Directors shall be entitled to remuneration in their capacity as members of the Board of Directors pursuant to the terms and conditions determined by the Ordinary General Assembly. The annual periodical remuneration is stated at the amount of SR 300,000 to each Board member. The Board of Directors shall be also entitled to other allowances and compensations such as transportation and accommodation fees. However, those fees shall not exceed SR 500,000 annually for each member (excluding other allowances such as transportation and accommodation). As stated in the Compensation Policy of the Board of Directors, the compensation shall be linked fully or partly to performance indicators such as meeting attendance.

Policy of Board of Directors' members remunerations:

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

Relationship between compensation and policy

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

12. Board of Directors (continued)

12-5. Remuneration of Board Members (continued)

The table below shows the remunerations of the Board of Directors members during the year 2020

Board members	Fixed Compensation										Varied Compensation								
	Annual remuneration	Specific amount	Total allowance for attending committee meetings	Total allowance for attending General Assemblies	Remunerations for technical, managerial and consultative work	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	In-kind benefits	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Expenses*	Total	End of service reward	Aggregate amount	Expenses allowance
First: Independent Board Members																			
Mohammed Al Sarhan	500,000	-	-	-	-	-	-	500,000	-	-	-	-	-	19,520	19,520	519,520	-	519,520	-
Raed Al Mudaiheem	500,000	-	-	-	-	-	-	500,000	-	-	-	-	-	2,622	2,622	502,622	-	502,622	-
Yousef Al Yousefi	400,000	-	-	-	-	-	-	400,000	-	-	-	-	-	-	0	400,000	-	400,000	-
Hasan Al Jabri	400,000	-	-	-	-	-	-	400,000	-	-	-	-	-	3,224	3,224	403,224	-	403,224	-
Khaled Al Hukail	400,000	-	-	-	-	-	-	400,000	-	-	-	-	-	-	0	400,000	-	400,000	-
Fadi Majdalani	393,424	-	-	-	-	-	-	393,424	-	-	-	-	-	1,170	1,170	394,594	-	394,594	-
Total	2,593,424	-	-	-	-	-	-	2,593,424	-	-	-	-	-	26,536	26,536	2,619,960	-	2,619,960	0
Second: Non-Executive Directors																			
Sami Al-Hokair	400,000	-	-	-	-	-	-	400,000	-	-	-	-	-	2,608	2,608	402,608	-	402,608	-
Jonathan Torriani	500,000	-	-	-	-	-	-	500,000	-	-	-	-	-	65,804	65,804	565,804	-	565,804	-
Abdulkarim Essoulami	300,000	-	-	-	-	-	-	300,000	-	-	-	-	-	3,935	3,935	303,935	-	303,935	-
Total	1,200,000	-	-	-	-	-	-	1,200,000	-	-	-	-	-	72,347	72,347	1,272,347	-	1,272,347	-
Total	3,793,424	0	0	0	0	0	0	3,793,424	0	0	0	0	0	98,883	98,883	3,892,307	-	3,892,307	-

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

13. Board of Directors' Committees

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

13-1. Audit Committee

The Audit Committee is composed of 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 2020, 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.

13-1-1. Members of the Audit Committee

Hasan Shakib Al Jabri

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 70)

Raed Ibrahim Al Mudaiheem

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 71)

Corporate Governance (continued)

13. Board of Directors' Committees (continued)

13-1. Audit Committee (continued)

13-1-1. Members of the Audit Committee (continued)

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 from 2010 till 2015.

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

Name	Nature of Membership	Number of Meetings (5)					Total
		16/02/2020	14/05/2020*	10/08/2020*	17/08/2020*	01/11/2020*	
Hasan Al Jabri	Chairman	✓	✓	✓	✓	✓	5
Raed Al-Mudaiheem	Member	✓	✓	✓	✓	✓	5
Mohamed Ikhwan	Member	✓	✓	✓	✓	✓	5

* Meetings held via conference call, as part of the preventive and precautionary efforts and measures taken by the relevant and competent authorities to confront and prevent the spread of the Coronavirus (COVID-19).

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

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Hasan Al Jabri	100,000		100,000
Raed Al-Mudaiheem	100,000		100,000
Mohammed Ikhwan	100,000		100,000
Total	300,000		300,000

12-01-4. The Audit Committee report for the year 2020

The Audit Committee confirms that the works performed during 2020 assures the adequacy of the internal and financial control system and risk management which achieves the system's ability to protect the company's assets and ensures the efficiency and integrity of the financial and non-financial procedures and processes which attains its goals, and the commitment of the administrative authorities and their employees to the regulations issued by different governmental agencies and related regulatory authorities.

During the year 2020, the audit committee did not recommend the appointment of an internal auditor for the company due to the presence of the internal audit department, and the committee acknowledges that there are no recommendations that exist between the committee and the board directors' decisions that conflict or refuse the board to take them with regard to appointing and dismissing the company's auditor and determining his fees and assessing his performance or appointing the internal auditor.

13-2. Nomination and Remuneration Committee

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

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

Lastly, the Committee prepares periodic and annual reports on the Committee's activities and the annual disclosure report according to the by-laws. These reports are presented to the Board of Directors.

13-2-1. Nomination and Remuneration Committee

Yousef Hamad Al Yousfi

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 72)

Jonathan Stent-Torriani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 71)

Mohammed Abdulaziz Al Sarhan

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 69)

Khaled Mohammed Al Hukail

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 72)

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

Name	Nature of Membership	Number of Meetings (3)			Total meetings
		17/02/2019	20/07/2020*	20/08/2020*	
Yousef Al Yousfi	Chairman	✓	✓	✓	3
Jonathan Torriani	Member	✓	✓	✓	3
Mohammed Al Sarhan	Member	✓	✓	✓	3
Khaled Al Hukail	Member	✓	✓	✓	3

* Meetings held via conference call, as part of the preventive and precautionary efforts and measures taken by the relevant and competent authorities to confront and prevent the spread of the Coronavirus (COVID-19).

Corporate Governance (continued)

13. Board of Directors' Committees (continued)

13-2. Nomination and Remuneration Committee (continued)

13-2-3. Remuneration of the Nomination and Remuneration Committee's members SAR

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Yousef Al Yousfi	100,000	-	100,000
Jonathan Torriani	100,000	-	100,000
Mohammed Al Sarhan	100,000	-	100,000
Khaled Al Hukail	100,000	-	100,000
Total	400,000	-	400,000

13-3. The Executive Committee

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

13-3-1. Members of the Executive Committee

Mohammed Abdulaziz Al Sarhan

Chairman

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 69)

Sami Abdulmohsen Al-Hokair

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 70)

Raed Ibrahim Al Mudaiheem

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 71)

Jonathan Stent-Torriani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 71)

Fadi Majdalani

Member

(To view the biography of the member, his previous and current positions, in addition to his experiences and qualifications, please refer to section No. 12 on page 73)

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

Name	Nature of Membership	Number of Meetings (4)				Total meetings
		17/02/2019	26/07/2020*	03/09/2020*	17/11/2020*	
Mohammed AL Sarhan	Chairman	✓	✓	✓	✓	4
Jonathan Torriani	Member	✓	✓	✓	✓	4
Sami Al Hokair	Member	✓	✓	✓	✓	4
Raed AL Mudaiheem	Member	✓	✓	✓	✓	4
Fadi Majdalani	Member	✓	✓	✓	✓	4

* Meetings held via conference call, as part of the preventive and precautionary efforts and measures taken by the relevant and competent authorities to confront and prevent the spread of the Coronavirus (COVID-19).

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

Name	Fixed Remuneration	Allowance for attending the meeting	Total
Mohammed AL Sarhan	100,000	0	100,000
Jonathan Torriani	100,000	0	100,000
Sami Al Hokair	100,000	0	100,000
Raed AL Mudaiheem	100,000	0	100,000
Fadi Majdalani	98,356	0	98,356
Total	498,356	0	498,356

14. Executive Management

14-1. Company's Executive Management members

Wajdy Al-Ghabban

Current position

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

Previous positions

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

Academic qualifications

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

Professional experience

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

Corporate Governance (continued)

14. Executive Management (continued)

14-1. Company's Executive Management members (continued)

Sultan Al-Booq

Current positions

- Executive Vice President Corporate Services & General Counsel

Previous positions

- Legal Advisor and Board Secretary at Ma'aden
- Lawyer for Microsoft as a secondment under the Law Firm of Mohammed Aldhabaan & Partners (Eversheds)
- Lawyer & Legal Advisor at United Legal Group Law Firm

Academic qualifications

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

Professional experience

Procurement and corporate supply chains; local and international litigation; legal and corporate negotiation; outsourcing of legal cases to internationally renowned legal professional; contract and MoU drafting; government advocacy; intellectual property; handling of liaison between Company functions and divisions for discussion with the Board of Directors; corporate market and government regulations; corporate policy and procedure.

Hesham Masoud

Current Position

Chief Financial Officer of Saudi Airlines Catering, based out of Jeddah

Previous Positions

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

Academic qualifications

Bachelor of Accounting and Financial Management from Cairo, Egypt

Professional experience

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

Obaidah AL Saggar

Current positions

- VP Procurement and Strategic Sourcing

Previous positions

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

Academic qualifications

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

Professional experience

- Certified Project Management Professional
- Certified Supply Chain Management Professional
- Certified in Logistics, Transportation and Distribution
- Certified Supply Chain Manger
- Qualified Trainer

Visionary and Strategic professional with more than 14 years of experience in supply chain, logistics, planning, operational cost optimization, procurement, supply & demand planning, Sales & operation planning. experienced in the industries of FMCG, Retail Business, Wholesale, Catering & Food Service, HoReCa, Clothing and Fashion, Sales and Distribution.

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

Tarek Tharwat

Current positions

- VP- Chief Audit Executive

Previous positions

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

Academic qualifications

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

Professional experience

Tarek Tharwat holds an MBA in International Business from the University of Liverpool and a BSc in Accounting from Alexandria University in Egypt, and is a registered Chartered Accountant. Tarek also holds the Certified Internal Auditor (CIA) and the Certification in Risk Management Assurance (CRMA) both from the Institute of Internal Auditors (IIA), the Certified Financial Consultant (CFC) from the Institute of Financial Consultants (IFC) and the Certified Information Systems Auditor (CISA) from the Information Systems Audit and Control Association (ISACA), in addition to other audit and internal control professional certificates. Tarek has over 28 years of professional experience in Internal Control, Risk Management Inspection & both operational and financial audit. Worked as external auditors in Deloitte & Touche Egypt then moved to the French chemical group 'Rhodia' in Egypt as a group Chief Accountant then promoted to the Group Credit Manager. In 2003, Tarek joined Abdul Latif Jameel 'ALJ', the dealer of Toyota in KSA, as internal audit supervisor then transferred to Algeria as Internal Audit Manager where he set up the Internal Audit function for North Africa and the overseas network. Tarek also joined Orascom Construction Industries 'OCI' in Egypt as Corporate Internal Audit Manager responsible for the cement division, then joined Saudi Binladin Group as Chief Internal Auditor for the Public Buildings and Airports Division 'PBAD'. Currently Tarek is the Chief Audit Executive at Saudi Airlines Catering Company.

Corporate Governance (continued)

14. Executive Management (continued)

14-1. Company's Executive Management members (continued)

Abdulwahab Saati

Current positions

- Executive Vice President – Retail
- Board Member, Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Chief Commercial Officer
- General Manager, Airlines Sales and Business Development
- Manager Marketing Sales and Customer Services
- Manager Sales and Marketing
- Assistant Manager, Foreign Airlines and Private Aviation
- Assistant Manager, Royal VIP and Saudia

Academic qualifications

- Many professional certificates in the field

Professional experience

Joined SACC in Riyadh during 1991 and since then he has worked in various managerial positions within the organization. Abdulwahab has extensive experience of over 27 years in the field of Aviation, Retail Services, and In-Flight Catering, with a very strong orientation in the field of Marketing & Sales Business Development, handling all Saudia, local and foreign airlines and private aviation.

Strategic and resourceful executive with proven ability to recognize and capture business opportunities. Possessing excellent communication skills and able to establish sustainable and profitable relationships with customers and suppliers. Strong record of achievement in progressive leadership roles within the aviation industry; repeatedly stepping up to new challenges, launching innovative programs, creating customer loyalty, and building top-performing organizations with excellent revenue and profit performance.

Fahad Khayat

Current positions

- VP – Quality, Safety & Standard Control

Previous positions

- General Manager, Internal Control and Performance Improvement
- VP Catering (A) and Quality Assurance, Saudia Catering
- G.M. Catering Operations and Quality Assurance, Saudia Catering
- G.M. Quality Assurance
- G.M. Total Quality Management, Saudia Catering
- G.M. Human Resources, Technical Projects, Quality and Food Safety, Saudia Catering
- G.M. Technical Projects, Quality and Food Safety, Saudia Catering
- Corporate manager Quality and Food Safety, Saudia Catering
- Manager Hygiene and Food Safety, Saudia Catering
- Corporate Manager of food microbiological activities of the six quality control laboratories located at Jeddah, Dhahran, Hallat Am mar, Jazan, Al Hadetha and Riyadh, Saudi Food Drug Organization (SDA), Ministry of Commerce

Academic qualifications

- Doctor of Philosophy in Science, Utah State University, Logan, Utah, USA. 1987
- Masters in Science, Utah State University, Logan, Utah, USA. 1986

Professional experience

Dr. Fahad's department has delivered key ISO/HACCP/OHSAS/Halal (HAB) qualifications for the business. With over 26 years' experience, he has delivered quality assurance through establishing robust, quality driven processes, which are key to SACC's subsequent awards and recognition in the field of food production, Dr. Fahad left the company on 11/30/2020, due to the expiration of his employment contract.

Talal Al Toaimi

Current positions

- VP- Airports Lounges

Previous positions

- Multiple managerial positions

Academic qualifications

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

Professional experience

Al Toaimi joined Saudi Catering Company in 2003 and has held many administrative positions there. He has over 15 years of experience in hospitality, catering and high communication skills to maintain and establish a good and profitable business relationship with customers. His development has been demonstrated by his rise in the career ladder in leadership positions. Talal oversees the management and operation of business and hospitality lounges known as Al Fursan lounges at the Kingdom's airports in Jeddah, Riyadh, Dammam, Medina and other hospitality sectors and centers.

Sylvain Benoit

Current positions

- Executive Vice President – Catering & Facilities

Previous positions

- Chief Operating Officer, SODEXO, China
- Head of the Chinese Food Program
- Head of Contracts and Employment Department of China
- Operations Manager, China
- Regional director in China
- Operations Manager in China

Academic qualifications

- Certificate of Hospitality Management Supervisor, France
- Higher Diploma in Restaurant Management, Hospitality School, Toulouse, France
- Diploma in Catering and Hospitality, Toulouse, France

Professional experience

Sylvain has extensive professional experience over the past 15 years, during which he has held various positions in the field of catering for many companies in the hospitality and catering sector, before taking up the post of Chief Operating Officer, Catering and Facilities Management in Saudi Airlines Catering Company on July 15th 2018. He was appointed successor to Professor Martial Verine, who submitted his resignation on July 14th, 2018. Sylvain has held several positions at Sodexo in China, including Chief Operating Officer, Head of the Food Program, Head of Contracts and Operations Department, Operations Manager and Regional Director, Sylvain left the company on 11/30/2020, due to the expiration of his employment contract.

Khalid Al- Redian

Current positions

- VP, IFC Central & Eastern Regions

Previous positions

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

Academic qualifications

- Bachelor degree from King Saud University – English department
- English Language Certificate from Canada – Toronto Metro

Professional experience

Al- Redian has more than 30 years of professional experience in the inflight catering and operations sector, during which he held multiple positions in the Saudi Airlines Catering Company, the beginning of his work was a services representative in the Operations Department until he assumed the position of VP, Central & Eastern Regions, Al- Redian has a full knowledge of gastronomy and food catering, he also attended many external and internal courses in the field of catering and administration.

Corporate Governance (continued)

14. Executive Management (continued)

14-1. Company's Executive Management members (continued)

Salah M. Al Umar

Current positions

- EVP- In Flight Catering

Previous positions

- General Manager, Jeddah, Madinah and Cairo Unit, SACC
- Regional manager, Jeddah and Cairo Unit, SACC
- Catering Unite Manager, Cairo unite.
- Unit Operations Manager, Riyadh Unit, SACC
- Unit Operations/Ramp Manager, Riyadh Unit, SACC
- Unit Operations Sections Manager, Riyadh Unit, SACC
- Unit Operations Assistant Manager, Riyadh Unit, SACC
- Unit Operations Assistant Manager, Equipment Control, Riyadh Unit, SACC
- Duty manager, Riyadh Unit, SACC

Academic qualifications

- High School Graduate - Passed, 1989

Professional experience

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

14-2. Remunerations of Senior Executives (Top 5 including CEO and CFO)

Item	Fixed Compensation				Varied Compensation								
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted Shares (value)	Total	End of service reward	Remuneration for Board Memberships	Total
Total	3,939,242.22	1,260,241.00	-	5,199,483.22	648,924.47	-	-	-	-	648,924.47	367,240.56	-	6,215,648.25

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

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

14-3. Description of the interests of the members of the Executive Management members and their relatives

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	100
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

Corporate Governance (continued)

14. Executive Management (continued)

14-3. Description of the interests of the members of the Executive Management members and their relatives (continued)

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban*	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati*	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

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

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban*	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati*	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

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

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

Name	Beginning of year		End of year		Net change	Change percentage	Relative ownership
	Number of shares	Debt instruments	Number of shares	Debt instruments			
Wajdy Al-Ghabban	-	-	-	-	-	-	-
Sultan Al-Booq	-	-	-	-	-	-	-
Tarek Tharwat	-	-	-	-	-	-	-
Hesham Masoud	-	-	-	-	-	-	-
Abdelwahab Saati	-	-	-	-	-	-	-
Fahad Khayyat	-	-	-	-	-	-	-
Sylvain Benoit	-	-	-	-	-	-	-
Talal Al Toaimi	-	-	-	-	-	-	-
Obaidah Al Saggar	-	-	-	-	-	-	-
Khalid Al- Redian	-	-	-	-	-	-	-
Salah M. Al Umar	-	-	-	-	-	-	-

Corporate Governance (continued)

14. Executive Management (continued)

14-4. Executive Management's Compensation Policy

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

14-5. Relationship between Compensation and Policy

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

15. Related Party Transactions

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

In its capacity as the owner of the strategic catering company, one of the company's major shareholders, and due to the membership of its CEO and co-founder, Mr. Jonathan Torriani, and its board director Mr. Abdulkarim Essoulami, Newrest Co. is one of the related parties of the company, providing consultancy and technical services to the company, including consulting and internal review of some of the company's strategies and operations and training. Renewing the approval of these transactions and actions during the 2019 General Assembly meeting.

The agreement adopts the principle of development and growth of revenues and profits for the Company in general and for every section of business it runs in particular. The agreement will adopt specific objectives and outcomes for these sections. Additionally, it will focus on financial and quality results, the best utilization of assets and development of human resources. The agreement, moreover, adopts the principle of gaining technical support for future potential business including railway catering, noting that Newrest Holding S.L is one of the leading companies in Europe specializing in catering services on trains. The duration of the agreement is three years, which ended on December 31, 2019, and was renewed for another three years, ending on December 12, 2022. In addition, Saudi Airlines Catering Company has a leasing relationship with administrative offices in Riyadh with the Strategic Catering Company, one of the companies owned by Newrest Holding S.L and one of the major shareholders of the Company.

All contracts signed with related parties were approved during the meeting of the Company's General Assembly authorized for 2020. These related parties include Saudi Arabian Airlines Establishment, Newrest Group Holding S.L. Saudi Airlines Cargo, Saudi Airlines Ground Services, Saudi Airlines Real Estate Development Company, Flyadeal, Abdulmohsen Abdulaziz Al-Hokair Group, National Commercial Bank, Gulf West Co., Emaar the Economic City, and Saudi French Company for Operating and Managing Duty Free Markets. Note that the agreement has been suspended since its renewal date due to the situation resulting from the global pandemic with the spread of COVID-19.

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

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Arabian Airlines Establishment	One of major shareholders in the Company who owns more than (5%) of the total company's capital	In-flight catering services	This contract took effect on January 1st, 2015 and ends on December 31st, 2029	Provisional based on orders
		Catering and hospitality services for Al Forsan Lounge Terminal 5 in King Khaled International Airport	This contract took effect on October 4th, 2016 and ends on October 30th, 2025	Provisional based on orders
		Catering services in Al Forsan Lounge in Egypt International Airport	This contract took effect on February 16th, 2016 and ends on February 15th, 2025	Provisional based on orders
		Lease agreement in (AMI) building in King Khaled International Airport	This contract took effect on March 1st, 2016 and ends on February 28th, 2020	5,205,200 Saudi Riyal
		Catering services in (AMI) building in King Khaled International Airport	This contract took effect on March 1st, 2016 and ends on February 29th, 2020	Provisional based on orders
		Catering and Hospitality services for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	This contract took effect on February 22nd, 2017 and end on February 22nd, 2020	Provisional based on orders
		Agreement with Saudia for operating and managing central baggage store	This contract took effect on October 1st, 2017 and ends on September 30th, 2020	27,000,000 Saudi Riyal
		Catering and hospitality services for Al Forsan Lounges in King Abdulaziz International Airport in Jeddah, King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara	This contract took effect on December 19th, 2011	Provisional based on orders
		Catering Service Agreement to Saudia IT Building	This contract took effect on January 1st, 2016	Provisional based on orders
		Catering Service to Saudia Reservations Diplomatic Quarter	This contract took effect on April 7th, 2016	Provisional based on orders
Catering Service Agreement to Saudia Ticketing & Reservation office, Al Murooj	This contract took effect on October 17th, 2013	Provisional based on orders		
Inflight Catering Service to Saudia other flights	The contract entered into force 01/02/2019 and ends on 1/01/2022	Provisional based on orders		

Corporate Governance (continued)

15. Related Party Transactions (continued)

15-1. Summary of the Transactions with the Related Parties (continued)

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
		Catering and hospitality services for Al Forsan Lounges for Saudi and other airlines cash passenger in King Abdulaziz International Airport in Jeddah King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Al Monawarah	The contract entered into force 16/07/2017 and ends on 15/07/2020	Provisional based on orders
		IT Service Level agreement with Saudia	The contract entered into force 01/05/2018 and ends on 30/04/2020	There is no value as per the contract nature
		Design, constructing and operating Alfursan Domestic lounge at the New King Abdulaziz International Airport in Jeddah	The term of the contract shall be for a term of (10) years starting from the actual operation date.	Provisional based on orders
		Temporary Lounge Agreement with Saudia (First and Business Class Lounges, New KAIA)	The contract entered into force 02/01/2020 and ends on 1/01/2021	Provisional based on orders
Saudi Ground Services SGS	A subsidiary of Saudi Arabian Airlines Establishment	Catering services	This contract took effect on January 1st, 2015 and ends on December 31st, 2019	Provisional based on orders
		Transport services agreement with SGS in King Fahad International Airport in Dammam	This contract took effect on November 28th, 2015 and ends on November 27th, 2020	Provisional based on orders
		Laundry services to SGS in Riyadh	This contract took effect on December 26th, 2016 and ends on December 25th, 2020	Provisional based on orders
		Laundry services to SGS in Jeddah	This contract took effect on December 26th, 2016 and expires on December 25th, 2020	Provisional based on orders
		Welcome Lounge Access Agreement with Saudi Ground Service Co. (SGS)	This contract took effect on 01/ 12/2017 and expires on 30/11/2020	Provisional based on orders

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Saudi Airlines Cargo	A subsidiary of Saudi Arabian Airlines Establishment	Cargo services	This contract took effect on December 8th, 2014 and ends on December 31st, 2020	Provisional based on orders
		Security services	This contract took effect on June 1st, 2016 and ends on May 30th, 2020	Provisional based on orders
		Catering services	This contract took effect on January 1st, 2017 and ends on December 31st, 2020	Provisional based on orders
		Lease agreement, Dar Zan suits	This contract took effect on January 1st, 2020 and ends on December 31st, 2020	Provisional based on orders
Saudi Airlines Real Estate & Development Company SARED	A subsidiary of Saudi Arabian Airlines Establishment	Lease of Residential Units in Saudi City compound	This contract took effect on July 15th, 2017 and ends on July 15th, 2020	1,845,000 Saudi Riyal
		Lease agreement for two commercial shops in Saudi City compound	This contract took effect on March 1st, 2018 and ends on February 29th, 2020	174,000 Saudi Riyal
		Investment of Motel in Saudi City compound	This contract took effect on April 1st, 2016 and ends on March 31st, 2023	2,400,000 Saudi Riyal
		Laundry service to SARED, SV club	This contract took effect on December 31st, 2019 and ends on December 30th, 2021	Provisional based on orders
		Service Agreement with Saudi Airlines Real Estate Development Co. (SARED)	This contract took effect on December 1st, 2018 and ends on December 1st, 2022	Provisional based on orders
		Lease agreement for a laundry shop in Saudia City	This contract took effect on 1st August 2018 and ends on 31st July 2021	58,400 Saudi Riyal
Flyadeal	A subsidiary of Saudi Arabian Airlines Establishment	Inflight Catering services and Skysales Services	This contract took effect on September 5th, 2017 and ends on December 31st, 2020	Provisional based on orders
Saudi Arabian Airlines Company, the Royal Fleet	A subsidiary of Saudi Arabian Airlines Establishment	Inflight Catering services	The contract entered into force on 01/02/2019 and ends on 01/31-2022	Provisional based on orders
Saudi Arabian Airlines Company, the Royal Fleet	A subsidiary of Saudi Arabian Airlines Establishment	Inflight Catering services	The contract entered into force on 01/10/2010 and ends on 12/31-2022	Provisional based on orders
Al-Salam Aviation Industry Company	Saudi Arabian Airlines Establishment owns shares in Al-Salam Aviation Industry Company	Catering services	The contract entered into force on 03/05/2010 and expires on 03/06-2021	Provisional based on orders

Corporate Governance (continued)

15. Related Party Transactions (continued)

15-1. Summary of the Transactions with the Related Parties (continued)

Related party	Its relation with the Company	Transaction/ purchase Type	Its duration	Its value
Newrest Holding Co.	Ownering in Strategic Catering Company, and due to membership in Board of Directors Jonathan Stent-Torriani and the Board Director Mr. Abdulkarim Essolami	Management and Consultancy Services with Newrest Group Holding S.L	The duration of the agreement is three years, which ended on December 31, 2019, and was renewed for another three years, ending on December 12, 2022	Estimated value according to the service
		Supply of Manpower Support Services	This contract took effect on November 10th, 2018 and ends on November 09th, 2020	Estimated value according to the service
		Leasing relationships for administrative offices in Riyadh for Strategic Catering Company	This contract took effect on August 1st 2018 and ends on July 31st, 2020.	14,000 Saudi Riyal yearly
Sami Abdul Mohsin Al- Hokair Group	One of major shareholders of the Company and member of Board of Directors Sami Abdul Mohsin Al-Hokair	Leasing relations of retail sale stores and other locations	This contract took effect on August 15th, 2014 and ends on August 14th, 2021	Provisional based on orders
		Catering Service to Hilton Double Tree Hotel in Riyadh	This contract took effect on March 01st, 2018 and ends on December 31st, 2020	Provisional based on orders
Saudi French Company for Operating and Managing Duty Free Shops	An affiliate company, which Saudi Airlines Catering company owns 40% of the company's capital and also according to membership of Mr. Wajdy Al Ghabban Chief Executive Officer of Saudi Airlines Catering Company and Mr. Abdelwahab Saati Chief Operating Officer Retail	Managing and Operating Duty Free Shops in the Airports. The transactions are administrative fees and some logistical services related to the management and operation of duty free shops	This contract took effect on November 23rd, 2016 and continues for 25 years and the Shareholders agreement stipulates that the services will continue throughout the duration of the Company	Provisional based on orders

15-2. Income and expenses in SAR from related parties during 2020

Related party	Income	Expenses
Saudi Arabian Airlines Establishment	822,765,503	5,654,774
Abdulmohsen Abdulaziz Al-Hokair Holding Group	16,096	82,821
Newrest Group Holding S.L.	-	3,030,066
Saudi Airlines Cargo Company	7,929,169	1,673,768
Saudi French Company for Operating and Managing Duty Free Shops	1,880,188	-
Saudi Airlines Real Estate Development Company	529,910	12,617,487
Saudi Ground Services Company	24,463,111	2,355,686
Flyadeal	798,972	-
Strategic Catering Company	44,100	-
Al Salam Aviation Industry Com.	220,941	818,314

15-3. Accounts payable and receivable in SAR from related parties during 2020

Related party	Receivables	Payables
Saudi Arabian Airlines Establishment	650,578,238	1,654,089
Abdulmohsen Abdulaziz Al-Hokair Holding Group	(58,831)	187,207
Newrest Group Holding S.L.	-	161,436
Saudi Airlines Cargo Company	11,159,362	1,191,796
Saudi French Company for Operating and Managing Duty Free Shops	9,165,574	-
Saudi Airlines Real Estate Development Company	930,614	22,110,575
Saudi Ground Services Company	16,567,740	819,453
Flyadeal	495,995	-
Strategic Catering Company	-	-
Al Salam Aviation Industry Com.	-	-

Corporate Governance (continued)

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

Nature of work or act	Value of work or act	Duration of work or act	Conditions of work or act	Name of BM, EM, or their related party
Management and Consultancy Services with Newrest Group Holding S.L.	Estimated value according to the service	The duration of the agreement is three years, which ended on December 31, 2019, and was renewed for another three years, ending on December 12, 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.
Leasing relationships for administrative offices for Strategic Catering Company	14,000 Saudi Riyal	This contract took effect on August 1st 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.
Management and Consultancy Services with Newrest Group Holding S.L.	Estimated value according to the service	The duration of the agreement is three years, which ended on December 31, 2019, and was renewed for another three years, ending on December 12, 2022	No preferential conditions compared to local market	Abdulkarim Essoulami 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, 2018 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.
Supply of Manpower Support Services	Estimated value according to the service	This contract took effect on November 10th, 2018 and ends on November 09th, 2020	No preferential conditions compared to local market	Abdulkarim Essoulami 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 which represents 10% of the stores' revenues	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 01st, 2018 and ends on December 31st, 2019	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

17. Summary of payments made to the government during 2020

Declaration	Amount paid	Amount due	Summary	Reasons
GOSI	23,645,014	2,040,834	Paid amounts are for the Period Dec2019-Nov2020 and Dec2020 paid in Jan2021	Paid amounts are for the Period Dec2019-Nov2020 and Dec2020 paid in Jan2021
Customs	5,317,723	0	All Actual Payments to Customs in FY2020	All Actual Payments to Customs in FY2020
Visas/Passports/Labor Office Fees	25,915,042	0	All Actual Payments to Ministry of Labor & Ministry of Interior	All Actual Payments to Ministry of Labor & Ministry of Interior
Zakat	29,477,961	18,645,913	Fiscal year 2020 provisions	Payable in April 2021
Income Tax	12,030,371	-	-	-

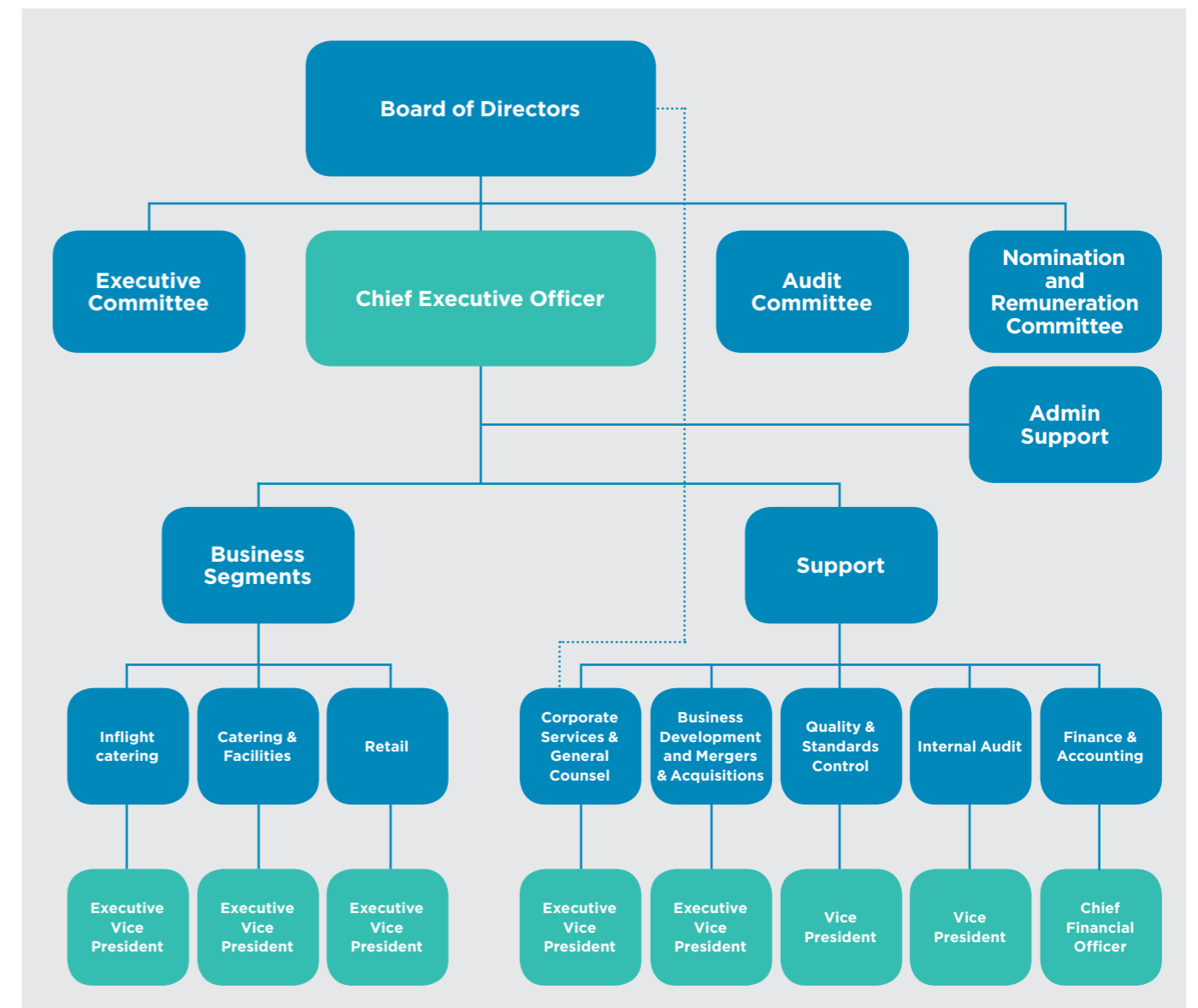
18. Due payments SAR 2020

Year	2016	2017	2018	2019	2020
Employee payments	38,012,927	32,321,739	40,203,728	30,736,110	31,759,710
Expenses and other liabilities	204,690,235	142,703,795	175,064,403	139,895,360	100,996,280
Restructuring allowance	-	-	-	-	-
Zakat and income tax	27,100,352	31,190,091	30,310,014	34,182,178	11,518,715
Total	269,803,514	206,215,625	245,578,145	204,813,648	144,274,705

19. Organizational structure

The Company retains the services of experienced specialists relating to key operational and supportive function activities. The Company maintains a high standard of knowledge and skills required to manage the Company's operations through several administrations, all of which are coordinated by the CEO.

The administration and supervision of the company's activities shall be undertaken by a distinguished elite of the Board of Directors' members and an efficient administrative staff with expertise and high calibre, whose tasks shall be distributed according to the following Organizational structure:



Corporate Governance (continued)

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

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

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

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

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

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

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

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

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

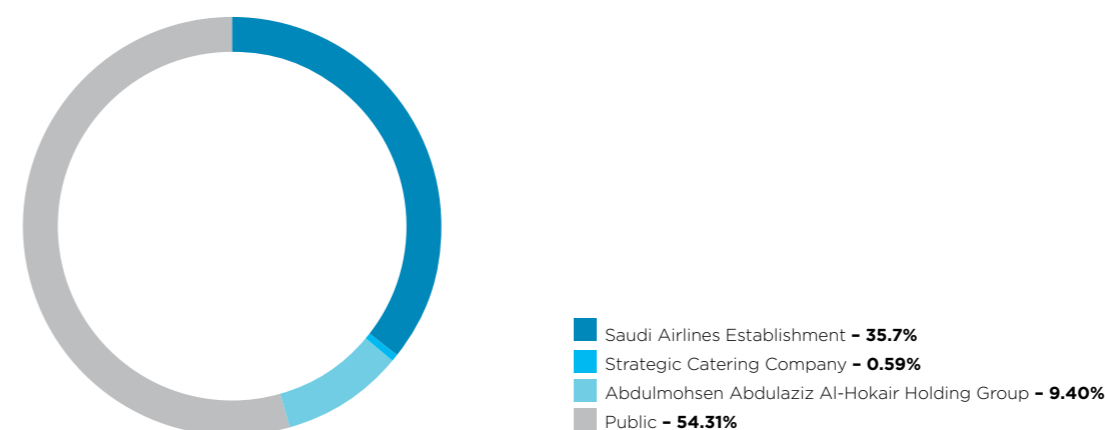
On an annual basis, the VP - Chief Audit Executive submits to the Board and Audit Committee the internal audit plan for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management and the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

During 2020, the VP - Chief Audit Executive confirmed to the Audit Committee that SACC management did not impose any scope limitation on the internal audit scope. In addition, the Audit Committee confirmed that there were no substantial findings related to the annual internal control effectiveness review or any material departure to the Company's policies and internal regulations. In addition, the Audit Committee did not discover any irregularities or any obvious weaknesses in the internal control system of the Company or in any of its various operations in 2020.

21. Shareholders' capital shares ratio

The shareholder	The capital as in 01/01/2020	Number of Shares	Percentage	The capital as in 31/12/2020	Number of Shares	Percentage	Percentage Changes
Saudi Airlines Establishment	292,740,000	29,274,000	35.70	292,740,000	29,274,000	35.70	00.00
Strategic Catering Company	70,413,790	7,041,379	8.59	4,816,180	481,618	0.59	93.16-
Abdulmohsen Abdulaziz Al Hokair Group	77,112,560	7,711,256	9.40	77,112,560	7,711,256	09.40	00.00
The public	379,733,650	37,973,365	46.31	445,331,260	44,533,126	54.31	17.27
Total	820,000,000	82,000,000	100	820,000,000	82,000,000	100	00.00

22. Structure of distribution of capital and shares on Shareholders as of 31 December 2020



23. Dividend Policy

23-1. Dividend Policy

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

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

The company did not distribute any cash dividends to its shareholders during the year 2020.

Corporate Governance (continued)

24. General Assembly

24-1. General Assembly meetings

One successful meeting of SACC General Assembly were held on Tuesday 28/08/1441H corresponding to 21/04/2020 at 07:00 p.m. through Tadawul system in accordance with CMA's circular No. (S/5/2109/20) dated 21/07/1441H corresponding to 16/03/2020 to conduct all AGM meetings for listed companies remotely through 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 Company announced the scheduled dates for this General Assembly meeting on Tadawul website and other platforms in accordance with the laws and regulations, and within the time frame stipulated in those relevant laws and regulations.

The announcements highlighted the meeting's time, place and agenda as well as the proxy template. In addition, the Company allowed the shareholders to effectively participate and vote on topics listed on the agenda and informed them on the meeting's rules and voting procedures through the invitation for the General Assembly meeting. In addition, the Company facilitated for shareholders to vote electronically through the means provided by Tadawul. It also distributed well-prepared files containing relevant information to help the shareholders take their decisions. The Company also informed the relevant authorities on the results of its meeting immediately after the conclusion of the meeting. The shareholders were allowed access to the meeting's minutes inside the Company's offices or through its website upon their request.

Voting Results on the Items of the General Assembly's Meeting Agenda's was as follows:

- Approval on the Board of Directors' Annual Report for the fiscal year ending on 31st December 2019.
- Approval on the financial statements of the Company for the year ending on 31st December 2019.
- Approval on the external auditor report for the year ending on 31st December 2019.
- Approval on the appointment of KPMG Al Fozan & Partners as an external auditor of the company in accordance with the recommendation of the Audit Committee for the financial audit and review 2020 second quarter, third quarter, and year end, and the first quarter of 2021.
- Approval on the discharge of the Board of Directors from the liability for their activities for the year ended on 31/12/2019.
- Approval 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.
- Approval 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.
- Approval 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.
- Approval 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.
- Approval on the transactions and contracts concluded with Newrest Holding Group, within which SACC's Board Of Directors member Mr. Jonathan Stent-Torriani holds direct interest as he is the Co-CEO of Newrest Holding Group 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.
- Approval on the transactions and contracts concluded with Newrest Holding Group, within which SACC's Board Of Directors member Mr. Abdelkarim Essoulami (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.
- Approval on the transactions and contracts concluded with Al-Hokair Holding Group, within which SACC's Board of Directors member Mr. Sami Al Hokair holds direct interest in, as he is holding the position of Managing Director, and Board of Directors member in Al-Hokair Holding Group, the nature of those transactions evolve around the performance of several lease agreements of retail stores, with a total amount of SR 257,775 for the year 2019, without any preferential conditions compared to the local market.
- Approval on the transactions and contracts concluded with Gulf West Importing Co. Ltd., a company within which the Board of Directors member Eng. Abdulmohsin 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.

- Approval on the transactions and contracts concluded with Emaar The Economic City, within which SACC's Board of Director member Mr. Fahd 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.
- Approval 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.
- Approval on amending article (31) of the Company's corporate governance manual concerning the Board of Directors' remuneration.
- Approval on amending article (51) of the Company's corporate governance manual concerning the Audit Committee remuneration.
- Approval on amending article (58) of the Company's corporate governance manual concerning the Nomination & Remuneration Committee remuneration.

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

Name	Membership	Type of membership	General Assembly		Total meetings
			21 Apr 2020		
Mohammed Al Sarhan	Chairman of the Board Directors, Member of the Nomination and Remuneration Committee, Chairman of the Executive Committee	Independent	✓		1
Sami Al-Hokair	Vice Chairman of the Board of Directors, Member of the Executive Committee	Non-Executive	✓		1
Jonathan Torriani	Member of Board of Directors, the Executive Committee, and the Nomination and Remuneration Committee	Non-Executive	x		0
Fadi Majdalani	Member of Board of Directors, Executive Committee member	Independent	✓		1
Raed Al Mudaiheem	Member of Board of Directors, Audit Committee, and the Executive Committee	Independent	✓		1
Hasan Al Jabri	Member of Board of Directors, Chairman of the Audit Committee	Independent	✓		1
Khaled Al Hukail	Member of Board of Directors and Remuneration Committee	Independent	x		0
Yousef Al Yousefi	Member of Board of Directors	Independent	✓		1
Abdulkarim Essolami	Member of Board of Directors	Non-Executive	x		0
Wajdy Al Ghabban	Chief Executive Officer and member of the Executive Committee	Executive	✓		1
Sultan Al-Booq	Executive Vice President of Corporate Services and General Counsel	Executive	✓		1

Corporate Governance (continued)

25. Compliance with Laws and Regulations

The Company is committed to maintaining the best standards of quality and performance in all its activities. This commitment extends to include the rules provided for in the Corporate Governance Regulations, Rules on the Offer of Securities and Continuous Obligations, Listing Rules, and any other relevant law and regulation. The Company is fully committed to applying its best efforts towards the rules included in the Corporate Governance Regulations and Listing Rules in all its operations. The Company has a comprehensive policy on the implementation of Corporate Governance Regulations through the continuous update of the Corporate Governance Manual of the Company based on the updates in the laws, regulations and international best practices to be adhered to by stakeholders such as directors, managers and employees, in order to protect the interests of the Company and other relevant parties. The Board of Directors, with help from its sub-committees such as the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee, provides continuous support to promote compliance with Corporate Governance Regulations while ensuring continuous review and effective implementation.

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

Fifth chapter:

Article 70:

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

Article 71:

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

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

Article 72: Meetings of the Risk Management Committee

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

Reason:

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

Article 87:

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

Reason:

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

Article 88:

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

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

Reason:

This is an optional article.

Article 93:

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

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

Reasons:

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

Article 95:

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

Reasons:

This is an optional article.

26. Role of the Shareholders

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

27. Investor relations

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

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

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

Corporate Governance (continued)

28. Requests to obtain Shareholder records

Number	Request date	Request reasons
1	29/12/2020	Company procedures
2	30/11/2020	Company procedures
3	26/11/2020	Company procedures
4	17/11/2020	Company procedures
5	01/10/2020	Company procedures
6	01/10/2020	Dividend distribution
7	30/06/2020	Company procedures
8	22/06/2020	Company procedures
9	22/06/2020	Company procedures
10	03/06/2020	Company procedures
11	01/06/2020	Company procedures
12	21/04/2020	General Assembly
13	16/03/2020	Dividend distribution

29. Communication with Shareholders

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

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

30. Initiatives planned to improve transparency or communications with investors in 2020

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

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

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

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

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

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

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

32. Risks

SACC is exposed to various risks through the normal course of its activities. Every business has to accept a certain level of risk, and any expected gains from business activities must be assessed against the relevant risks.

The purpose of risk management is to ensure the Company can effectively execute its strategies and achieve its targets. The key is to identify the risks that could prevent the Company from reaching its goals, and then to determine an acceptable level for those risks. Risks identified need to be avoided, mitigated, transferred, or monitored.

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

To be managed, risks need to be identified and understood in advance. Risk treatment and mitigation plans must be established, and continuous follow-up must be in place for the related controls. Consequently, risk management is an essential part of SACC's strategic and operational management.

Strategic risks factors

Strategic risk assessment is part of the Company's strategic planning process. A risk is defined as strategic if it could have a long-term impact on the business.

The Company defines the areas of strategic risk as:

Business environment risk

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

Market and customer risk

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

Global political risk

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

People risk factors

Recruitment

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

Retention and motivation

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

Operational risks factors

Hazard risks

The Company's occupational health and safety systems, and crisis management guidelines are designed to protect employees. Appropriate insurance is in place for all personnel. SACC operates all major airports in industrial-size catering units, two laundry plants, and numerous other smaller premises, including catering outlets, retail shops, lounges, industrial sites, and on-shore oil-rigs. SACC leases most of its sites. While operating, SACC is exposed to risks in areas such as occupational health, employee safety, environment, fire, natural events, and site security. The Company manages these risks with established management procedures and loss prevention programs. Risks that cannot be directly influenced are transferred, where feasible, to insurance companies. SACC has a large number of contracts with many clients. Failing to comply with contractual terms and conditions could lead to loss of business. The Company has processes in place to ensure that it meets the required standards, and that it complies with the contractual terms and conditions.

Financial risks factors

SACC is exposed to a variety of financial risks: market risks (cash flow and interest rate risk), credit risk, and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Company. SACC's overall financial risk management focuses on the unpredictability of financial markets and clients' payment behavior, seeking to minimize potentially adverse effects on the Company's financial performance. Financial risk is managed at the headquarters and group level, identifying, evaluating, and acting on financial risks where appropriate. The principles of overall financial risk management are formally documented, as are policies covering specific areas such as credit risk and the investment of excess liquidity.

Cash flow and interest rate risk

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

Corporate Governance (continued)

32. Risks (continued)

Operational risks factors (continued)

Credit risks

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to SACC. The credit risk arising from cash and cash equivalents, and from deposits with banks and financial institutions, is limited because the counterparties are banks and financial institutions which, in general, have an investment-grade rating assigned by international credit-rating agencies.

SACC monitors third- and related-party trade receivables continuously, and has a policy in place to manage and collect overdue receivables. Due to its proper monitoring and appropriate provisioning, management does not expect any significant additional losses due to client non-performance.

Liquidity risks

Prudent liquidity risk management includes maintaining sufficient cash and available funding from an adequate amount of committed credit facilities. The Company ensures flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. Currently SACC has credit facilities with financial institutions. The management team monitors the risk by continuously reviewing short-term cash forecasts, and by using mid-term cash forecasts throughout the year.

Information technology and Cybersecurity

Information technology and cybersecurity risks related to SACC's internal operations are constantly identified and mitigated using network security, endpoint protection, access risk management, and vulnerability management. The IT department in coordination with the Cybersecurity department monitors the internal threat exposure levels with vulnerability-scanning capabilities, and coordinates a response plan to identified Cybersecurity incidents. The management team also closely monitors SACC's information security capabilities.

The Company relies on a variety of IT systems to manage and deliver services and communicate with clients, consumers, suppliers, and employees. The management team focuses on maximizing the effectiveness of information systems and technology as a business enabler, and to reduce resulting cost and exposure.

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

Risks management policy

Purpose

- The Risk Management Policy is considered an integral part of the Company's internal controls and governance.
- The policy clarifies the definition the Company holds for risks, describes the purpose of risk management, explains the Company's mechanism to manage risks, documents the roles and responsibilities of the main stakeholders, describes the role of the Risk Management procedure in the internal control system as a whole, determines the main report procedures, and explains the procedure the Board should undertake to evaluate the internal control procedures.

Definitions and purposes of Risk Management

- Risk can be defined as anything that may hinder the Company or prevent it from achieving any of its goals.
- The purpose of this policy is to determine risks as much as possible that may face the Company. This is to enable the Company to take the proper procedures to avoid and mitigate their affect towards the Company's results and achieve its goals and strategy in the required manner.

Role of the Board of Directors in Risk Management

The Board of Directors has the responsibility of overseeing the Risk Management practice in the Company as a whole, and their role is mainly as follows:

- Determine main risks that the Company may face.
- Determine the required procedure to prevent facing that risk, or mitigate its effect on the Company.
- The Board has the right to delegate risk related decisions to any of the Company's divisions, for example delegating the Finance Department for financial risks, the Legal Department for legal risks, and that delegation shall not relieve the Board from their responsibility.
- The Board has other roles that were determined in its chapter in the Corporate Governance Manual of the Company.

Role of the Audit Committee in Risk Management

- Analyse and review Risk Management systems of the Company.

Role of the Executive Management in Risk Management

- Implement the Risk Management and Internal Control Policies that were approved by the Board.
- Ensure that minor risks are under control and managed efficiently; and provide sufficient information in the appropriate time frame to the Board and Audit Committee regarding the status of that risk and the level of control over it.
- Provide data and updates to the Board that relate to risks and their management that were determined by the Board.
- Provide data and updates regarding risks that face the Company, which were not determined previously.

Risk Management procedures

- The Chief Executive Officer upon his knowledge (if the need requires it, based on the followed policies) informs the Board to review the matter based on the followed policies. If the followed policies did not require informing the Board, the Chief Executive Officer should take the necessary actions regarding those risks and inform the Board in its following meeting.
- The procedures of Risk Management should be followed in accordance with the Risk Management procedures of the related responsible authority in the Company such as the Board, committees, divisions, and departments based on the size and type of that risk.
- The Board and Audit Committee are responsible for reviewing the effectiveness of the policy and procedure of the Company's Risk Management based on the information provided by the Executive Management, relevant divisions, and external auditor.

33. The company's social contributions during 2020

In the area of corporate social responsibility, the Company continued to enhance its social role by participating in two important initiatives, one of which is related to the main sector of the Company (catering sector) with Iteam Association, which aims to preserve the grace of waste by conveying the idea of food banks in which are applied in the world and in the Kingdom of Saudi Arabia, with a professional manner that preserves the privacy of the community and the beneficiary. On the other hand, we have proudly continued our relationship with Quadroun Association, which aims to integrate persons with disabilities as equal and active members. SACC reaffirms its commitment to work together to achieve sustainability and build a society that is inclusive, fair and accessible to all groups and assist in achieving the National Plan and the Vision of the Kingdom 2030. It is worth mentioning that we are in the process of establishing a new section on social initiatives to expand the scope of participation and link it to the company's core values.

34. The Board of Directors declarations

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

- The accounting records were properly and correctly prepared.
- The internal control system was properly designed and effectively implemented.
- There was no doubt about the Company's ability to continue the business.
- Consolidated financial statements were prepared in accordance with international financial standards, and in accordance with the Company's bylaws and Articles of Association with respect to the preparation and publishing of financial statements.
- There were no redemptions, purchases or cancellations by the Company of any of recoverable debt instruments.
- The Company did not issue or grant any debt instruments convertible to shares, contractual based securities, option rights, subscription right notes or similar rights.
- The Company does not have any conversion or subscription rights under any convertible debt instrument, contractually based securities, warrants, or similar rights; both issued or granted.
- The Company did not issue any shares or debt instruments for any of its affiliates.
- There are no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which are the IFRS Standards.
- Apart from the disclosures in the section related to related parties' transactions, there were no contracts in which the Company was a party nor was there any material interest for any Board member, Executive Management Member, their relatives or any other related person.
- Except what was disclosed earlier in this report, there are no interests, contractually based securities, and subscription rights of the issuer's directors, senior executives, and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries; nor was there any change in those interests or rights during 2019, except what was disclosed earlier in this report.
- There were no arrangements or agreements through which any Board member or any executive to waive any salary or compensation.
- There are no arrangements or agreements through which any of the Company's shareholders to waive the rights to profits.
- Except what was disclosed of shares owned by the Board and Executive Management, there are no other interests in the shares of eligibility of voting that are owned by any person (other than the Board, Executive Management, and their relatives and any other contractual interests and any changes in those interests in line with Article 45 of the Listing Rules.
- There were no comments received by the shareholders regarding the Company and its performance.
- The external Auditor's Report doesn't contain any reservations on the relevant annual financial statements.
- There are no arrangement or recommendation by the Board to change the Company's external auditor.
- The Company did not receive any fine, penalty, precautionary procedure, or preventive measure from the CMA nor any other regulatory, supervisory, or judicial authority.
- There was no recommendation to appoint an Internal Auditor for the Company, as it already has an Internal Audit Division.
- There are no recommendations of the Audit Committee that conflict with the Board's decisions, nor did the Board refuse to take any of the Audit Committee's recommendation into consideration regarding the appointment, dismissal, assessment, or determining the remuneration of the external auditor.
- The Company does not have any investments for the benefit of its employees.
- The Company has no treasury shares.

FINANCIAL STATEMENTS

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Independent Auditor's 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, 2020, 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, 2020, 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 Auditor's 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 24 for the related disclosure.

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2020, the Company recognized total revenue of SR 926.6 million (2019: SR 2,156 million).</p> <p>There continues to be pressure on the Company to meet expectations and targets, which may result in a misstatement of revenue.</p> <p>Revenue is a key performance indicator for the Company and there is a risk that it might be overstated to increase profitability, accordingly Revenue recognition is considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the Company's revenue recognition accounting policies by considering the requirements of IFRS - 15 "Revenue from Contracts with Customers." Assessed the design and implementation, and tested the operating effectiveness of the Company's 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 to ensure the accuracy and validity of revenue recognition.

IMPAIRMENT OF TRADE RECEIVABLES

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

Key audit matter	How the matter was addressed in our audit
<p>As at December 31, 2020, the gross trade receivables balance amounted to SR 889 million (2019: SR 919.8 million).</p> <p>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 required in IFRS 9.</p> <p>The ECL model involves the use of various assumptions, covering both future macro-economic factors and the study of historical trends.</p> <p>We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model and the impact on the trade receivables balance.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> 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. In addition, we involved our internal specialist to review the allowance for expected credit losses model. We also evaluated the adequacy of the disclosures included in the accompanying financial statements.

IMPAIRMENT OF NON-CURRENT ASSETS

Refer to notes 3 and 4 for the accounting policies and notes 6 and 34 for the related disclosure.

Key audit matter	How the matter was addressed in our audit
<p>In accordance with IAS 36, the Company at each reporting date reviews the carrying amounts of its non-financial assets at the CGU level to determine whether there is any indication of impairment. The Company engaged an external independent expert to perform the impairment assessment.</p> <p>Based on the impairment assessment performed, an impairment loss has been recognized amounting to SR 22.9 million during the year ended December 31, 2020.</p> <p>The impairment assessment was based on a five years' discounted cashflow business plan which involved several assumptions, judgements and estimates, accordingly we have considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the procedures performed by management in relation to the impairment of non-financial assets in accordance with the requirements of the related accounting standards. Obtained the impairment assessment prepared and assessed the reasonableness of key assumptions used and management's future plans. Engaged our specialists to review the key assumptions used in calculating the value in use including the discount rate used and performed sensitivity analysis on key assumptions (discount rates and terminal growth). Reviewed the board of directors' meeting minutes to ensure that there are no decisions taken to dispose any property, plant and equipment during the current year. Assessed the adequacy of the disclosures in the financial statements.

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 auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's 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.

Independent Auditor's Report To the Shareholders of Saudi Airlines Catering Company continued

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.

Those charged with governance, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

AUDITOR'S 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 auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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.
- 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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No: 454

Jeddah, March 29, 2021
Corresponding to Shaban 16, 1442H

Statement of Financial Position As at December 31, 2020 (Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Assets			
Property, plant and equipment	6	455,888,624	560,160,540
Right-of-use assets	9 a	509,533,448	529,745,770
Subleased assets – non-current portion	9 c	9,292,173	12,858,734
Intangible assets	7	1,116,734	1,846,190
Investment property	8	34,611,098	36,388,484
Equity accounted investee	10	–	11,588,345
Financial assets at amortized cost	11	17,497,223	19,754,026
Non-current assets		1,027,939,300	1,172,342,089
Subleased assets – current portion	9 c	14,190,822	12,526,423
Inventories	12	115,963,432	153,791,958
Trade and other receivables	13	800,596,516	868,141,260
Prepayments and other current assets	14	90,856,637	108,559,751
Cash and cash equivalents	15	257,453,899	188,903,543
Current assets		1,279,061,306	1,331,922,935
Total assets		2,307,000,606	2,504,265,024
Equity			
Share capital	17	820,000,000	820,000,000
Statutory reserve	18	353,835,879	353,835,879
(Accumulated losses)/retained earnings		(313,758,994)	131,816,062
Total equity		860,076,885	1,305,651,941
Liabilities			
Lease liabilities – non-current portion	9 b	412,229,212	416,501,275
Employees' benefits	20	165,607,031	176,750,314
Non-current liabilities		577,836,243	593,251,589
Short-term borrowing		300,000,000	–
Lease liabilities – current portion	9 b	167,856,691	117,364,903
Zakat and income tax liabilities	21	11,518,715	34,182,178
Trade and other payables	22	389,712,072	453,814,413
Current liabilities		869,087,478	605,361,494
Total liabilities		1,446,923,721	1,198,613,083
Total equity and liabilities		2,307,000,606	2,504,265,024

The accompanying notes 1 through 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Authorized Board of Directors Member

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Revenue	24	926,573,642	2,156,266,255
Cost of sales	25	(884,339,821)	(1,369,334,227)
Gross profit		42,233,821	786,932,028
Other income	26	5,037,106	8,951,631
General and administrative expenses	27	(256,330,834)	(245,538,680)
Allowance for expected credit losses	13	(37,198,396)	(7,112,344)
Other expenses	28	(1,526,903)	(3,851,112)
Impairment losses	34	(22,900,000)	-
Operating (loss)/profit		(270,685,206)	539,381,523
Finance income	29	725,310	1,337,128
Finance costs	30	(34,394,093)	(34,296,036)
Net finance costs		(33,668,783)	(32,958,908)
Share in loss of equity accounted investee	10	(8,361,611)	(3,355,121)
Impairment loss in equity accounted investees	10	(3,125,930)	-
(Loss)/profit before zakat and income tax		(315,841,530)	503,067,494
Zakat and income tax expense	21	(18,844,869)	(39,134,091)
(Loss)/profit for the year		(334,686,399)	463,933,403
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit liability	20 a	2,146,636	(3,749,353)
Share of other comprehensive loss of associate	10 c	(100,804)	(182,347)
Other comprehensive gain/(loss) for the year		2,045,832	(3,931,700)
Total comprehensive (loss)/income for the year		(332,640,567)	460,001,703
Earnings per share			
Basic (loss)/earnings per share	31	(4.08)	5.66
Diluted (loss)/earnings per share	31	(4.08)	5.66

The accompanying notes 1 through 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Authorized Board of Directors Member

Statement of Changes in Equity

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total
As at December 31, 2019					
Balance at January 1, 2019		820,000,000	353,835,879	127,619,578	1,301,455,457
Impact of adoption of IFRS 16		-	-	(17,583,849)	(17,583,849)
Total comprehensive income					
Profit for the year		-	-	463,933,403	463,933,403
Other comprehensive loss		-	-	(3,931,700)	(3,931,700)
Total comprehensive income		-	-	460,001,703	460,001,703
Transactions with shareholders of the Company					
Contributions and distributions					
Dividends declared	19	-	-	(438,221,370)	(438,221,370)
Balance at December 31, 2019		820,000,000	353,835,879	131,816,062	1,305,651,941
As at December 31, 2020					
Balance at January 1, 2020		820,000,000	353,835,879	131,816,062	1,305,651,941
Total comprehensive loss					
Loss for the year		-	-	(334,686,399)	(334,686,399)
Other comprehensive income		-	-	2,045,832	2,045,832
Total comprehensive loss		-	-	(332,640,567)	(332,640,567)
Transactions with shareholders of the Company					
Contributions and distributions					
Dividends declared	19	-	-	(112,934,489)	(112,934,489)
Balance at December 31, 2020		820,000,000	353,835,879	(313,758,994)	860,076,885

The accompanying notes 1 through 37 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Authorized Board of Directors Member

Statement of Cash Flows

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Cash flows from operating activities			
(Loss)/profit for the year		(334,686,399)	463,933,403
<i>Adjustments for:</i>			
Zakat and tax		18,844,869	39,134,091
Depreciation on property, plant and equipment and investment in property	6&8	94,499,872	76,917,741
Depreciation on right-of-use assets	9 a	86,875,461	81,854,770
Amortization	7	729,456	297,170
Construction in progress expensed	6	36,511,874	-
Bad debt write off		-	296,621
Provision of obsolete inventory, net	12	2,923,108	8,595,571
Allowance for expected credit losses, net	13	37,198,396	7,112,344
Finance income	29	(725,310)	(1,337,128)
Finance cost	30	34,394,093	34,296,036
Share of loss in equity accounted investees	10	8,361,611	3,355,121
Impairment loss in equity accounted investees	10	3,125,930	-
Loss on sale of property, plant and equipment	28	275,883	506,880
Impairment Loss on property, plant & equipment	6	22,900,000	-
Employees' benefits service cost	20	17,267,581	17,890,880
Provision for accrued bonus - long term	20	9,806,475	1,810,092
		38,302,900	734,663,592
<i>Changes in:</i>			
Trade and other receivables		30,346,348	64,989,223
Inventories		34,905,418	(37,359,651)
Prepayments and other current assets		13,515,093	64,823,466
Trade and other payables		(71,133,302)	(27,015,284)
Cash generated from operating activities		45,936,457	800,101,346
Payment of accrued bonus - long term	20	(3,317,577)	(178,890)
Employees' benefits paid	20	(36,231,699)	(20,598,118)
Zakat and income tax paid	21	(41,508,332)	(35,261,927)
Net cash (used in)/from operating activities		(35,121,151)	744,062,411
Cash flows from investing activities			
Payments received for sublease		2,627,472	4,251,844
Proceeds from disposal of property, plant and equipment		606,875	5,980
Additions to property, plant and equipment	6	(48,567,161)	(63,496,018)
Additions to investment in property	8	(178,041)	-
Additions to intangibles assets	7	-	(1,885,091)
Net cash used in investing activities		(45,510,855)	(61,123,285)
Cash flow from financing activities			
Proceeds from short term borrowings		300,000,000	-
Payments of lease liabilities		(37,721,375)	(81,259,734)
Dividends paid	19	(113,096,263)	(560,028,592)
Net cash from/(used in) financing activities		149,182,362	(641,288,326)
Net increase in cash and cash equivalents		68,550,356	41,650,800
Cash and cash equivalents at beginning of the year		188,903,543	147,252,743
Cash and cash equivalents at end of the year	15	257,453,899	188,903,543

The accompanying notes 1 through 37 form an integral part of these financial statements.

Chief Financial Officer Chief Executive Officer Authorized Board of Directors Member

Notes to the Financial Statements

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

1. REPORTING ENTITY

Saudi Airlines Catering Company (the "Company") is a Saudi Joint Stock Company domiciled in the Kingdom of Saudi Arabia. The Company was registered as a Saudi limited liability company on Muharram 20, 1429H (January 29, 2008) under commercial registration number 4030175741.

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

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

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

Branch location	C.R.	Date
Rabigh	4602006306	Rajab 16, 1436H (May 5, 2015)
Medina	4650055980	Jumada Al-Thani 1, 1433H (April 23, 2012)
Dammam	2050082998	Jumada Al-Thani 1, 1433H (April 23, 2012)
Makkah	4031084114	Jumada Al-Atwal 23, 1435H (March 25, 2014)
Jeddah	4030227251	Jumada Al-Thani 1, 1433H (April 23, 2012)
Jeddah	4030285290	Muharram 2, 1437H (October 16, 2015)
Riyadh	1010336558	Jumada Al-Thani 1, 1433H (April 23, 2012)

The registered head office of the Company is located at the following address:

Saudi Airlines Catering Company

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

2. BASIS OF ACCOUNTING

A. Statement of compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (hereafter referred to as "IFRS as endorsed in KSA").

The Company has investment in the fully owned / controlled subsidiary, SACC Catering Company (collectively described as the Group). The subsidiary have not yet commenced commercial operations and didn't incur any transaction yet and is therefore insignificant. Accordingly, the Company has not prepared consolidated financial statements.

B. Basis of Measurement

These financial statements have been prepared using the accrual and going concern basis and under the historical cost basis, except for the defined benefit obligation which is recognized at the present value of future obligation using the projected unit credit method.

C. Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals ("SR") which is the Company's functional and presentation currency.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, the management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The significant judgments and estimates made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are as follows:

Significant matters – COVID-19 Pandemic Impact

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support and precautionary measures across the globe to counter possible adverse implications.

The Company's operations and financial performance was significantly impacted by the disruptions and temporary airports closures mandated by government which has resulted in suspending the primary operations and activities of the Company during most of the year ended December 31, 2020 and may continue to have a financial impact on the Company subsequent to the year end. The uncertainties caused by COVID-19 have required the Company to update the inputs and assumptions used for the determination of expected credit losses ("ECL") as at 31 December 2020. The management adopted the use of an overlays approach and the main focus was on those customers that may be most vulnerable to the impact of COVID-19. In addition, the Company has estimated the potential impact of the current economic volatility in the determination of the reported amounts of the Company's financial and non-financial assets and these are considered to represent management's best assessment based on information available.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closures. Markets however remain volatile and the recorded amounts remain sensitive to both the duration of the temporary closures and consequential severity of the economic impact. The Company continues to closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the exposure and adverse impact on its operations. Management believes that the Company's financial position remains solid and have the sufficient resources to enable it to continue its operations and to meets its contractual liabilities in the near future. Refer to note 35 for more details on the financial risks.

Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Inventories obsolescence provision

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. Amounts which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

At the reporting date, gross inventories were SR 130 million (December 31, 2019: SR 165 million) with a provision for obsolete inventories amounting to SR 14.0 million (December 31, 2019: SR 11.1 million). Any difference between the amounts realised in future periods and the amounts expected will be recognized in the statement of profit or loss.

Leases

In case of lease contracts where extension options are also available to the Company, judgement is applied in evaluating whether it is reasonably certain to exercise the option. The Company reassesses whether it is reasonably certain to exercise the extension options, upon the occurrence of either a significant event or significant change in circumstances that are within the control of the Company.

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Defined Benefit Obligation

The present value of Company's obligation under defined benefit plans is determined using actuarial valuation. This involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed annually (refer note 20).

Impairment for expected credit losses (ECL) in trade and other receivables

The managements' determination of the ECL in trade and other receivables requires them to take into consideration certain estimates for forward looking factors while calculating the probability of default. These estimates may differ from actual circumstances.

Useful lives of property, plant and equipment, and investment property

The management determines the estimated useful lives of property, plant and equipment & investment property for calculating depreciation. This estimate is determined after considering expected usage of the assets and physical wear and tear.

The management reviews the useful lives, residual value and method of depreciation annually for any significant changes and any resultant changes to the depreciation charge are adjusted in current and future periods.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES

The management has consistently applied the following accounting policies to all periods presented in these financial statements. Some comparative figures are reclassified to match with the current year presentation.

A. Leases

As a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES continued

A. Leases continued

As a lessee continued

Lease liabilities

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available). Lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is adjusted against the carrying value of the right-of-use asset or charged to profit or loss if carrying value of the related asset is zero.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

As a lessor

The Company subleases some of its leased assets. Under IFRS 16, the management is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset.

At inception or on modification of a contract that continue a lease component, the management allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the management makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the management considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and sublease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Gross investment in finance lease include the total of the future lease payments on finance leases (lease receivables), plus estimated residual amounts receivable. The difference between the lease receivables and the cost of the leased asset is recorded as unearned lease finance income and for presentation purposes, is deducted from the gross in the finance leases. Any unguaranteed residual value of the assets is reviewed periodically and any decrease in residual value is recorded immediately.

Initial direct cost incurred by the lessors in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income.

B. Equity accounted investee

An equity accounted investee is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised, nor individually tested for impairment.

The profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate are prepared for the same reporting period as the Company.

After application of the equity method, the management determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the management determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the management calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the loss.

Upon loss of significant influence over the associate, the management measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

C. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

D. Revenue

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the management allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the management expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date;
- The Company's performance creates or enhances as asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Catering revenue

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

Airline equipment

Revenue is recognized when the control over the equipment is transferred to the customer.

Business lounges

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

Sales of goods – Retail

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

Notes to the Financial Statements continued
For the year ended December 31, 2020
 (Expressed in Saudi Arabian Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES continued

D. Revenue continued

Hotel – revenue

The management recognizes revenue from room sales and from other ancillary guest services on a daily basis, as the rooms are occupied and the services are rendered.

Revenue is recorded net of returns, trade discounts and volume rebates.

E. Employee benefits

i. Short-term employee benefits

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

ii. Defined benefit plans

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under ‘cost of sales’, and ‘general and administration expenses’ in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

iii. Other long-term employee benefits

The Company’s obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in profit or loss in the period in which they arise.

iv. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

F. Zakat and income tax

The Company is subject to regulations issued by the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted Zakat profit or based on Zakat base. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the GAZT and yearly evaluates positions taken in the Zakat returns with respect to any Zakat differences. Zakat is charged to the statement of profit or loss. Additional Zakat liability, if any, related to prior years’ assessments arising from GAZT are accounted for in the year in which the final assessments are finalized.

Moreover, certain shareholders in the Company are subject to income tax, which is recognized as an expense in the statement of profit or loss.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference and unused tax losses arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The management withholds taxes on transactions with non-resident parties in accordance with GAZT regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

G. Value added tax

The Company is subject to Value Added Tax (“VAT”) in accordance with the VAT regulations prevailing in the Kingdom of Saudi Arabia. The amount of VAT liability is determined by applying the applicable tax rate to the value of supply (“Output VAT”) less VAT paid on services received (“Input VAT”). The Company reports revenue and expenses net of VAT for all the periods presented in the profit or loss.

H. Segment information

A segment is a distinguishable component of the Company that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Company to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

The Company has the following three strategic divisions, which are reportable segments and are defined and used by the Board of Directors when reviewing the Company’s performance. 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:

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

The Company’s Board reviews the internal management reports of each strategic division at least quarterly.

I. Contingencies

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company.

J. Finance income and finance cost

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Company right to receive payment is established.

K. Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

L. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in statement of profit or loss.

M. Cash dividends to shareholders

The Company recognizes a liability to make cash distributions to the shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the companies’ regulations of Saudi Arabia, a final distribution is authorized when it is approved by the shareholders and interim dividends are approved by the Board of Directors. A corresponding amount is recognized directly in equity.

N. Inventories

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

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES continued

N. Inventories continued

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

O. Current versus non-current classification

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

An asset is current when it is:

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

The management classifies all other assets as non-current.

A liability is current when:

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

The management classifies all other liabilities as non-current.

P. Property, plant and equipment

i. Recognition and measurement

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

Expenditure on maintenance and repairs of items of property, plant and equipment is expensed.

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

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

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work-in-progress is not depreciated.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognized in profit or loss. Land is not depreciated.

The estimated useful lives of the principal classes of assets are as follows:

Building & leasehold improvements	2-30 years
Equipment	3-15 years
Motor vehicles	77 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits arising from items of property and equipment.

Q. Investment property

Investment property is initially measured at cost and is depreciated over its useful life.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

R. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets comprise software, which have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful life of software is 5 years.

S. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares recognized as a deduction from equity.

T. Earnings per share – EPS

The management determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year; a reasonable approximation of the weighted average is adequate in many circumstances.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

U. Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company has to transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the share capital. This reserve is not available for distribution to the shareholders of the Company.

V. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

W. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

X. Financial Instruments

i. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES continued

X. Financial Instruments continued

ii. Classification and measurement of financial assets and financial liabilities continued

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

iii. Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iv. Derecognition

Financial assets

The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

v. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

vi. Impairment of financial assets

The management recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the management considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the management assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 730/365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Y. Impairment

Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

4. SIGNIFICANT ACCOUNTING POLICIES continued

Z. Borrowing and finance cost

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss and other comprehensive income using the effective interest method.

AA. Expenses

Cost of sales represent all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to: attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses. Allocation of common expenses between cost of sales and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

5. NEW STANDARDS, AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on the financial statements of the Company on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to references to conceptual framework in IFRS Standards
- Definition of a business (Amendment to IFRS 3)
- Definition of material (Amendment to IAS 1 and IAS 8)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19 – Related rent concessions (Amendment to IFRS 16)

A number of new pronouncements are effective for annual periods beginning on or after 01 January 2021, and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these condensed interim financial statements.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 39, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – phase 2	01 January 2021
IAS 37	Onerous contracts – cost of fulfilling a contract	01 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	01 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	01 January 2022
IFRS 3	Reference to the conceptual framework	01 January 2022
IFRS 17	Insurance contracts	01 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	01 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 01 January 2021 will not have any material impact on the Company's financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Company is currently assessing the implications on the Company's financial statements on adoption.

6. PROPERTY, PLANT AND EQUIPMENT

A. Reconciliation and carrying amount

2020	Land	Building & leasehold improvements	Equipment	Motor vehicles	Capital work in progress	Total
Cost:						
Balance at January 1, 2020	33,786,058	307,857,426	214,069,352	122,635,369	92,812,798	771,161,003
Additions	-	1,228,450	3,098,077	106,765	44,133,869	48,567,161
Disposals	-	(384,506)	(6,533,272)	(18,141,256)	-	(25,059,034)
Expensed	-	-	-	-	(36,511,874)	(36,511,874)
Transfer from capital work in progress	-	28,160,798	20,175,852	13,853,492	(62,190,142)	-
Balance at December 31, 2020	33,786,058	336,862,168	230,810,009	118,454,370	38,244,651	758,157,256
Accumulated depreciation:						
Balance at January 1, 2020	-	53,313,043	116,985,366	40,702,054	-	211,000,463
Charge for the year	-	43,888,722	34,602,536	14,053,187	-	92,544,445
Disposals	-	(287,787)	(6,074,258)	(17,814,231)	-	(24,176,276)
Impairment Loss (note 34)	-	15,516,520	7,383,480	-	-	22,900,000
Balance at December 31, 2020	-	112,430,498	152,897,124	36,941,010	-	302,268,632
Carrying amounts:						
At December 31, 2020	33,786,058	224,431,670	77,912,885	81,513,360	38,244,651	455,888,624

- During the year, the Company expensed SR 36.5 million related to assets and projects that will not be completed or will not have future benefits.
- As at December 31, 2020, the management used an external independent consultant to test its assets for impairment on the CGU level which resulted in an impairment of SR 22.9 million.

2019	Land	Building & leasehold improvements	Equipment	Motor vehicles	Capital work in progress	Total
Cost:						
Balance at January 1, 2019	33,786,058	257,549,100	181,582,096	93,733,541	170,726,195	737,376,990
Additions	-	2,875,366	9,277,845	319,134	51,023,673	63,496,018
Disposals	-	(856,925)	(9,518,218)	(1,685,059)	-	(12,060,202)
Adjustment finance lease	-	(17,651,803)	-	-	-	(17,651,803)
Transfer from capital work in progress	-	65,941,688	32,727,629	30,267,753	(128,937,070)	-
Balance at December 31, 2019	33,786,058	307,857,426	214,069,352	122,635,369	92,812,798	771,161,003
Accumulated depreciation:						
Balance at January 1, 2019	-	24,418,526	97,279,850	28,969,704	-	150,668,080
Charge for the year	-	32,832,489	28,718,892	13,417,410	-	74,968,791
Disposals	-	(848,906)	(9,013,376)	(1,685,060)	-	(11,547,342)
Adjustment finance lease	-	(3,089,066)	-	-	-	(3,089,066)
Balance at December 31, 2019	-	53,313,043	116,985,366	40,702,054	-	211,000,463
Carrying amounts:						
At December 31, 2019	33,786,058	254,544,383	97,083,986	81,933,315	92,812,798	560,160,540

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

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

6. PROPERTY, PLANT AND EQUIPMENT continued

B. Capital work in progress

Capital work in progress represents construction works at Alfursan Lounge at King Abdulaziz International Airport (New Airport), King Abdulaziz Economic City Laundry Plant and Jeddah Unit Building modifications.

C. Depreciation for the year ended December 31 was allocated as follows:

	2020	2019
Cost of sales (note 25)	83,048,580	66,753,458
General and administrative expenses (note 27)	9,495,865	8,215,333
	92,544,445	74,968,791

7. INTANGIBLE ASSETS

Reconciliation and carrying amount

	2020	2019
Cost		
Balance at January 1	5,705,915	3,820,824
Addition	-	1,885,091
Balance at December 31	5,705,915	5,705,915
Accumulated amortization		
Balance at January 1	3,859,725	3,562,555
Amortisation	729,456	297,170
Balance at December 31	4,589,181	3,859,725
Carrying amounts	1,116,734	1,846,190

The amortisation is included in general and administrative expenses.

8. INVESTMENT PROPERTY

A. The investment property is part of a building constructed by the Company and is being leased to a related party in Dammam.

B. Reconciliation and carrying amount

	2020	2019
Cost		
Balance at January 1	42,876,890	42,876,890
Addition	178,041	-
Balance at December 31	43,054,931	42,876,890
Accumulated depreciation		
Balance at January 1	6,488,406	4,539,456
Charge for the year	1,955,427	1,948,950
Balance at December 31	8,443,833	6,488,406
Carrying amounts	34,611,098	36,388,484

C. Depreciation amount

The depreciation is included in general and administrative expenses.

9. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

A. Right-of-use assets

The reconciliation and carrying amount of the right-of-use assets is as follows:

2020	Commercial Building Lease	Land Lease	Residential Lease	Vehicles Lease	Total
Cost:					
Balance at January 1, 2020	400,178,454	59,814,366	136,844,270	14,763,450	611,600,540
Additions	26,127,831	-	8,601,344	-	34,729,175
Lease modifications	32,704,210	-	-	-	32,704,210
Terminations	(4,265,445)	-	-	-	(4,265,445)
Balance at December 31, 2020	454,745,050	59,814,366	145,445,614	14,763,450	674,768,480
Accumulated depreciation:					
Balance at January 1, 2020	65,153,375	2,757,836	10,250,167	3,693,392	81,854,770
Charge for the period	77,704,461	2,757,836	9,637,957	3,693,392	93,793,646
Lease modifications	(6,918,185)	-	-	-	(6,918,185)
Terminations	(3,495,199)	-	-	-	(3,495,199)
Balance at December 31, 2020	132,444,452	5,515,672	19,888,124	7,386,784	165,235,032

Carrying amounts:

At December 31, 2020	322,300,598	54,298,694	125,557,490	7,376,666	509,533,448
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2019	Commercial Building Lease	Land Lease	Residential Lease	Vehicles Lease	Total
Cost:					
Balance at January 1, 2019 and December 31, 2019	400,178,454	59,814,366	136,844,270	14,763,450	611,600,540

Accumulated depreciation:

Charge for the period and balance at December 31, 2019	65,153,375	2,757,836	10,250,167	3,693,392	81,854,770
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Carrying amounts:

At December 31, 2019	335,025,079	57,056,530	126,594,103	11,070,058	529,745,770
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- Additions during the period relate to Riyadh Terminal 5 Shop, Al-Haramain Contracts, Riyadh STC Cafeterias, Riyadh Terminal 2 Welcome Lounge and Darzan Motel contracts.
- Lease modifications relate to the extension of Jeddah Unit Building from 2.2 years to 3.6 years.
- Terminations during the period relate to Flyadeal, Jeddah STC Cafeteria contracts and Saudi Real Estate & Development contracts (SV City NC-08) contract ended in quarter 3, 2020 and the liability was transferred to payables.

Depreciation for the year has been allocated as follows:

	Note	2020	2019
Cost of sales	25	76,176,623	70,233,696
General and administrative expenses	27	10,698,838	11,621,074
		86,875,461	81,854,770

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

9. RIGHT-OF-USE ASSETS & LEASE LIABILITIES continued

B. Lease Liabilities

Movement in lease liabilities over the year is as follows:

	2020	2019
Lease liability at beginning of the year	533,866,178	587,483,042
Additions to lease liabilities	26,736,747	-
Increase in lease liability due to finance cost	26,912,213	27,642,870
Lease modification	33,119,514	-
Termination of lease liabilities	(2,827,374)	-
Lease payment made during the year	(37,721,375)	(81,259,734)
Lease liabilities at end of the year	580,085,903	533,866,178
Less: Current portion of lease liabilities	(167,856,691)	(117,364,903)
Non-Current portion of lease liabilities	412,229,212	416,501,275

Lease liabilities as at December 31 are as follows:

December 31, 2020	Future Minimum Lease Payment	Interest	Present Value of Minimum Lease Payment
Commercial building lease	456,385,853	53,356,189	403,029,664
Land leases	91,581,630	35,671,158	55,910,472
Residential leases	183,357,333	64,003,696	119,353,637
Car leases	1,956,143	164,013	1,792,130
As at December 31, 2020	733,280,959	153,195,056	580,085,903

December 31, 2019	Future Minimum Lease Payment	Interest	Present Value of Minimum Lease Payment
Commercial Building Lease	419,039,611	67,045,396	351,994,215
Land Lease	92,137,202	38,494,314	53,642,888
Residential Lease	189,923,806	69,298,880	120,624,926
Car Lease	8,081,542	477,393	7,604,149
As at December 31, 2019	709,182,161	175,315,983	533,866,178

At December 31, the lease liabilities are presented in the statement of financial position as follows:

	2020	2019
Current portion	167,856,691	117,364,903
Non-current portion	412,229,212	416,501,275
	580,085,903	533,866,178

	2020	2019
Due current balance	86,564,638	28,954,344
Less than one year	81,292,053	88,410,559
One to five years	256,677,780	242,035,475
More than five years	155,551,432	174,465,800
	580,085,903	533,866,178

C. Subleased assets

The Company sub-leases asset, AM1 Building in King Khalid International Airport in Riyadh. The management has classified this lease as finance lease. Furthermore, the Company sub-leased small portion of Staff accommodation in Dammam which management has classified as operating lease.

Movement in subleased assets over the year is as follows:

	2020	2019
Net subleased assets at beginning of the year	25,385,157	28,299,873
Increase due to finance income	725,310	1,337,128
Lease payments received during the year	(2,627,472)	(4,251,844)
Net subleased assets at end of the year	23,482,995	25,385,157
Less: Current portion of net subleased assets	(14,190,822)	(12,526,423)
Non-Current portion of net subleased assets	9,292,173	12,858,734

	2020	2019
Due current balance	9,478,482	8,770,105
Less than one year	3,335,850	3,335,850
One to five years	11,675,475	15,377,950
Total undiscounted lease receivables	24,489,807	27,483,905
Unearned finance income	(1,006,812)	(2,098,748)
Net investment in the lease	23,482,995	25,385,157

Lease receivables as at December 31 are as follows:

2020	Future Minimum Lease Payment	Interest	Present Value of Minimum Lease Payment
Commercial building lease as at December 31, 2020	24,489,807	1,006,812	23,482,995
2019	Future Minimum Lease Payment	Interest	Present Value of Minimum Lease Payment
Commercial building lease as at December 31, 2019	27,117,280	1,732,123	25,385,157

D. Operating lease

The Company leases out its investment property. The management has classified these leases as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the management during 2020 was SR. 3.1 million (2019: SR. 3.4 million).

The following table sets out a maturity analysis of lease payments showing the undiscounted lease payments to be received after the reporting date.

2020	
Less than one year	-
One to five years	94,784,105
More than five years	56,870,463
	151,654,568
2019	
Less than one year	18,956,821
One to five years	94,784,105
More than five years	75,827,284
	189,568,210

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

9. RIGHT-OF-USE ASSETS & LEASE LIABILITIES continued

D. Operating lease continued

iii. Amount recognized in profit or loss

2020	
Interest on lease liabilities	26,912,213
Income from sub-leasing right of use assets	725,310
Rent expense relating to short term lease	14,431,678
Rent relating to lease of low value assets	-
2019	
Interest on lease liabilities	27,642,871
Income from sub-leasing right of use assets	1,337,128
Rent expense relating to short term lease	56,897,540
Rent relating to lease of low value assets	-

10. EQUITY ACCOUNTED INVESTEE

A. Investment in associate

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

B. The balances of the investment in associate as at December 31 is as follows:

Name	Country of incorporation	Effective ownership interest (%)		Carrying value	
		2020	2019	2020	2019
Saudi French Company for Duty Free Operations and Management (Limited Liability Company)	Kingdom of Saudi Arabia	40%	40%	-	11,588,345

C. The movement in the investment in associate during the year was as follows:

	2020	2019
Opening balance	11,588,345	15,125,813
Share in net loss	(8,361,611)	(3,355,121)
Impairment loss	(3,125,930)	-
Share in other comprehensive loss	(100,804)	(182,347)
Closing balance	-	11,588,345

D. Below is the summary of the financial information of the investee as at December 31.

The associate had not yet issued audited financial statements yet, hence, the financial data below and the share of loss for the year ended December 31, 2020 is based on management draft financial statements.

Share in net assets

	2020	2019
Non current assets	17,289,177	158,408,508
Current assets	58,893,222	78,753,777
Total assets	76,182,399	237,162,285
Non current liabilities	2,026,300	109,334,455
Current liabilities	67,093,657	98,856,968
Total liabilities	69,119,957	208,191,423
Net assets	7,062,442	28,970,862
Company's share in net assets	-	11,588,345
Carrying value of investment	-	11,588,345

Share in loss

	2020	2019
Revenue	98,075,233	290,271,279
Net loss for the year	(20,904,027)	(2,919,708)
Other adjustment	-	(5,468,095)
Revised net loss for the year	(20,904,027)	(8,387,803)
Other comprehensive loss	(252,009)	(455,867)
Company's share of loss for the year (40%)	(8,361,611)	(3,355,121)
Impairment loss	(3,125,930)	-
Company's share of other comprehensive loss (40%)	(100,804)	(182,347)

E. Business continuation of equity accounted investee

During the year, the investee reported a loss of SR. 20.9 million and the Company's share in the loss was SR. 8.4 million, however, the Company fully impaired the carrying value of the total cost of investment.

11. FINANCIAL ASSETS AT AMORTIZED COSTS

	2020	2019
Margin deposits on guarantees and bonds	17,497,223	19,754,026

12. INVENTORIES

A. Inventories comprise the following:

	2020	2019
Retail items	82,058,542	106,838,242
Catering items	27,084,037	44,068,578
Spare parts	8,500,097	7,854,963
Packing and other materials	12,331,731	6,118,042
	129,974,407	164,879,825
Provision for obsolete inventories	(14,010,975)	(11,087,867)
	115,963,432	153,791,958

Movement in provision for obsolete inventories for the year was as follows:

	2020	2019
Balance at beginning of the year	11,087,867	13,396,325
Charge for the year	2,923,108	8,595,571
Write-off during the year	-	(10,904,029)
Balance at end of the year	14,010,975	11,087,867

Provision for obsolete inventories is based on the nature of inventories, sales expectations, historic trends and other qualitative factors.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

13. TRADE AND OTHER RECEIVABLES

A. Trade and other receivables comprise the following:

	Note	2020	2019
Trade receivables – related parties	23-c	688,838,692	656,703,848
Trade receivables – third parties		200,463,671	263,063,165
		889,302,363	919,767,013
Less: total expected credit losses allowances	13-c	(88,705,847)	(51,625,753)
		800,596,516	868,141,260

- Trade receivables disclosed above are classified as loans and receivables and are measured at amortized cost.
- The Company does not have any collateral over receivables and are unsecured.
- 82% of the trade receivables is due from government or semi-government entities (2019: 74%).

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

	Up to three months	Above three and up to six months	Above six months	Total
December 31, 2020	270,201,081	169,194,344	449,906,938	889,302,363
December 31, 2019	519,897,497	81,603,427	318,263,089	919,767,013

C. Movements summary in expected credit losses for receivables for the year ended December 31 is as follows:

	December 31, 2020	December 31, 2019
Balance at beginning of the year	51,625,753	44,528,851
Charged for the year	39,033,865	7,486,869
Reversal during the year	(1,835,469)	(374,525)
Write-off during the year	(118,302)	(15,442)
Balance at end of the year	88,705,847	51,625,753

14. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets at December 31 comprise the following:

	2020	2019
Advances to suppliers	44,255,115	33,405,125
Prepayments	17,913,157	39,829,238
Unbilled receivables	12,342,885	21,279,521
VAT input tax	7,946,128	6,391,692
Margin deposits with banks	8,005,337	6,075,999
Advances to employees	394,015	1,578,176
	90,856,637	108,559,751

Unbilled receivables represents billing not yet approved by customers. As at December 31, 2020 there were Nil unbilled receivable outstanding for more than 1 year.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise the following:

	2020	2019
Cash at bank – current accounts	257,189,516	188,174,435
Cash in hand	264,383	729,108
	257,453,899	188,903,543

16. SHORT-TERM BORROWING

The Company obtained short term borrowing based on the revolving agreement during the year ended 31 December 2020 amounting to SR 300 million from Saudi British Bank (SABB) to meet the working capital requirements of the Company. The loan carries commission at commercial rates. The borrowing was initially payable on September 15, 2020 which was rolled over to June 13, 2021.

17. SHARE CAPITAL

A. Share capital

The authorized, issued and paid-up capital of the Company is SR 820,000,000 divided into 82,000,000 equal shares at SR. 10 each.

B. At December 31 the shareholders and their percentage interests in the share capital of the Company are as follows:

2020

Shareholders	No. of shares	Value in SR	%
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7
Strategic Catering Company Limited	481,618	4,816,180	0.59
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.40
General public	44,533,126	445,331,260	54.31
	82,000,000	820,000,000	100

2019

Shareholders	No. of shares	Value in SR	%
Saudi Arabian Airlines Corporation	29,274,000	292,740,000	35.7
Strategic Catering Company Limited	7,041,379	70,413,790	8.6
Abdulmohsen Alhokair Group for Tourism and Development	7,711,256	77,112,560	9.4
General public	37,973,365	379,733,650	46.3
	82,000,000	820,000,000	100

During the year ended December 31, 2020, a shareholder (Strategic Catering Company Limited) sold its 6.5 million shares to General public. All legal formalities were completed during the year.

C. Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

18. STATUTORY RESERVE

In accordance with the Company's bylaws and the Saudi Arabian Regulations for Companies, the Company sets aside 10% of its profit each year as statutory reserve until such reserve equals to 30% of the share capital.

The Company has transferred an amount in excess of 30% to the statutory reserve in previous years.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

19. DIVIDENDS

A.i. The following dividends were declared by the Company during the year ended December 31, 2020.

	2020
February 17, 2020: SR 1.40 per ordinary share	112,934,489

A.ii. The following dividends were declared by the Company during the year ended December 31, 2019.

	2019
February 27, 2019: SR 1.30 per ordinary share	105,141,497
May 09, 2019: SR 1.30 per ordinary share	104,278,586
August 06, 2019: SR 1.35 per ordinary share	108,311,685
November 05, 2019: SR 1.50 per ordinary share	120,489,602
	438,221,370

B. The movement in the dividends payable for the year ended December 31 is as follows:

	2020	2019
Balance at beginning of the year	1,422,759	123,229,981
Declared during the year	112,934,489	438,221,370
Paid during the year	(113,096,263)	(560,028,592)
Balance at end of the year	1,260,985	1,422,759

The dividend pertaining to December 31, 2019 was paid to Shareholders during the 4th quarter of 2020.

20. EMPLOYEE BENEFITS

	Notes	2020	2019
Employees' end-of-service benefits	20 a	155,086,931	172,719,112
Accrued bonus - long term	20 b	10,520,100	4,031,202
		165,607,031	176,750,314

A. Defined benefit obligations

i) Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for the employees' end-of-service benefits.

	2020	2019
Balance at January 1	172,719,112	165,023,832
Current service cost included in profit or loss		
Service cost	17,267,581	17,890,880
Finance cost	3,478,573	6,653,165
	20,746,154	24,544,045
Included in OCI		
Actuarial (gain)/loss arising from:	(2,146,636)	3,749,353
- Financial assumptions	(4,373,099)	(3,239,941)
- Experience adjustment	2,226,463	6,989,294
Remeasurement (gain)/loss:	(2,146,636)	3,749,353
Other		
Benefits paid	(36,231,699)	(20,598,118)
Employees' end of service benefits.	155,086,931	172,719,112

ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2020	2019
Discount rate	1.92%	2.25%
Future salary growth	1.92%	2.25%
Voluntary turnover rate	3.8%	6.6%
In -voluntary turnover rate	14.4%	10.45%
Retirement age	60 years	60 years

iii) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020		2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	148,006,354	162,922,795	164,300,183	182,061,852
Future salary growth (1% movement)	163,693,347	147,163,332	182,869,970	163,402,198

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

B. Accrued bonus - long term

The movement in accrued bonus-long term during the year was as follows:

	2020	2019
Balance at January 1	4,031,202	2,400,000
Accrued during the year	10,500,000	1,810,092
Benefits paid	(3,317,577)	(178,890)
Reversal	(693,525)	-
	10,520,100	4,031,202

21. ZAKAT AND INCOME TAX LIABILITIES

The following is the breakdown of the zakat and income tax liability as at December 31:

	2020	2019
Zakat payable	18,645,913	29,696,293
Income (refund)/tax payable	(7,127,198)	4,485,885
Zakat and income tax liabilities as at December 31	11,518,715	34,182,178

A. Zakat and income tax provision

i) The movement summary in Zakat provision is as follows:

	2020	2019
Balance at beginning of the year	29,696,293	28,259,464
Charge for the year	18,645,913	29,696,293
Adjustment related to prior years	(218,332)	176,917
Payments during the year	(29,477,961)	(28,436,381)
Balance at end of the year	18,645,913	29,696,293

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

21. ZAKAT AND INCOME TAX LIABILITIES continued

A. Zakat and income tax provision continued

ii) The movement in income tax provision is as follows:

	2020	2019
Balance at beginning of the year	4,485,885	2,050,550
Charge for the year	-	9,085,638
Adjustment related to prior year	417,288	175,243
Payments during the year	(12,030,371)	(6,825,546)
Balance at end of the year	(7,127,198)	4,485,885

iii) Charge of the year ended December 31 is as follows:

	2020	2019
Zakat charge for the year	18,645,913	29,696,293
Zakat prior year adjustment	(218,332)	176,917
	18,427,581	29,873,210
Income tax charge of the year	-	9,085,638
Income tax prior year adjustment	417,288	175,243
	417,288	9,260,881
Total Zakat and income tax of the year	18,844,869	39,134,091

B. Zakat components

	2020	2019
Non-current assets	1,027,939,300	1,172,342,089
Non-current liabilities	577,836,243	593,251,589
Total equity	860,076,885	1,305,651,941
(Loss)/profit before Zakat and income tax	(315,841,530)	503,067,494

C. Zakat assessments

The Company has submitted its Zakat and tax declarations for the years from 2009 to 2018. It has received queries from GAZT in respect of all these years and has provided responses for the years 2009 to 2018. GAZT issued an assessment for 2015 to 2018 on December 22, 2020 claiming additional Zakat and tax penalties amounting to approximately 16 million and the Company has submitted its objection against the GAZT's assessment. For Zakat and tax declaration for 2008, GAZT issued an assessment claiming additional Zakat and tax with delay penalty, the Company settled the amount under protest and filed an objection through a letter dated October 11, 2010. Since the Company did not receive any notification from GAZT on its objection the Company escalated the objection to the General Secretariat of Tax Committees in January 2020.

The Company has submitted its Zakat and tax declaration for the year 2019. The Company has obtained a certificate until April 30, 2021.

22. TRADE AND OTHER PAYABLES

Trade payables at December 31 comprise the following:

	Note	December 31, 2020	December 31, 2019
Trade payables - third parties		229,570,542	253,728,178
Trade payables - related parties	23 c	26,124,556	28,032,006
Accrued expenses		132,755,989	169,225,261
Dividend payable	19 b	1,260,985	1,422,759
VAT output tax		-	1,406,209
		389,712,072	453,814,413

23. RELATED PARTIES DISCLOSURES

A. Related parties include the Company's shareholders, associated companies and directors and key management personnel of the Company. Terms and conditions of these transactions at agreed rates are approved by the Company's management. Transactions are mainly represented in sale of goods and services.

All outstanding balances with these related parties are priced on mutually agreed terms and are to be settled in cash.

B. Transactions with key management personnel

Key management personnel compensation comprised the following:

	2020	2019
Short term employee benefits	6,477,965	7,081,174
Post-employment benefits	248,599	243,776
Termination benefits	438,094	776,632
	7,164,658	8,101,582

C. Related parties' transactions and balances

Significant related parties' transactions and balances arising there from are as follows:

i) Sale of goods and services (under trade and other receivables)

	Relationship	Transaction values for the year		Balances	
		2020	2019	2020	2019
Saudi Arabian Airlines Corporation*	Shareholder/ fellow subsidiaries	823,564,475	1,456,963,495	651,074,233	602,722,422
Saudi Ground Services Company	Fellow subsidiary	24,463,111	45,245,311	16,567,740	33,004,466
Saudi Airlines Cargo Company	Fellow subsidiary	7,929,169	13,804,912	11,159,362	11,197,020
Saudi French Company for Duty Free Operations and Management	Associate	1,880,188	5,498,078	9,165,574	8,958,552
Saudi Airlines Real Estate Development Company	Fellow subsidiary	529,910	413,261	930,614	803,940
Alhokair Company Joint Stock Company	Shareholder	16,096	257,775	(58,831)	17,448
Strategic Catering Company LLC.	Shareholder	44,100	-	-	-
Total				688,838,692	656,703,848

i) Purchase of goods, rentals and services provided (under trade and other payables)

	Relationship	Transaction values for the year		Balances	
		2020	2019	2020	2019
Saudi Airlines Real Estate Development Company	Fellow subsidiary	12,617,487	5,308,280	22,110,575	16,133,360
Saudi Arabian Airlines Corporation*	Shareholder/fellow subsidiaries	5,654,774	4,616,779	1,654,089	986,213
Saudi Airlines Cargo Company	Fellow subsidiary	1,673,768	275,530	1,191,796	279,668
Saudi Ground Services Company	Fellow subsidiary	2,355,686	5,422,554	819,453	6,504,477
Newrest Company Holding S.L.	Shareholder	3,030,066	9,821,076	161,436	2,778,232
Alhokair Company Joint Stock Company	Shareholder	82,821	104,386	187,207	104,386
Gulfwest Company Limited	Common shareholder	-	4,401,978	-	1,245,670
Total				26,124,556	28,032,006

* Transactions with Saudi Arabian Airlines Corporation includes transaction with the entities which are wholly owned by Saudi Arabian Airlines. The entities include Saudia Airlines Corporation, Saudi Private Aviation, Saudi Royal VIP, Saudia Royal Fleet, Saudia Aerospace Engineering, Saudia Medical Service, Prince Sultan Aviation, Flyadeal and Al Salam Aircraft Company. Furthermore, Gulfwest Company Limited is no more a related party for Saudi Airline Catering Company and is reclassified to third party payables.

24. REVENUE

	2020	2019
In-flight catering	569,914,365	1,524,966,840
Non-airlines	199,433,183	231,532,777
Business lounge	72,577,387	182,814,245
Retail revenue	64,667,672	176,688,018
Other operating revenues		
Camp facilities sales (staff feeding & accommodation)	17,857,005	22,600,193
Exclusivity purchase income & services to suppliers	2,124,030	17,664,182
	926,573,642	2,156,266,255

Notes to the Financial Statements continued

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(Expressed in Saudi Arabian Riyals)

25. COST OF SALES

	Note	2020	2019
Cost of materials and goods		328,665,219	674,720,073
Personnel costs		220,918,952	297,992,825
Depreciation on property, plant and equipment	6c	83,048,580	66,753,458
Depreciation on right-of-use assets	9a	76,176,623	70,233,696
Rent and maintenance of production units		27,473,718	65,774,166
Other operating costs:			
Manpower and transportation cost		32,354,010	74,108,158
Supplies and expandable items		24,613,118	34,982,638
Communication and utilities		20,635,535	24,005,244
Other operational costs		70,454,066	60,763,969
		884,339,821	1,369,334,227

26. OTHER INCOME

	2020	2019
Management fee income	1,519,947	4,474,487
Medical ex - gratia income	2,400,000	2,391,616
Commission income	-	80,887
Others	1,117,159	2,004,641
	5,037,106	8,951,631

27. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	2020	2019
Employees costs		144,328,660	140,507,382
Service agreement fee		17,718,216	10,859,439
Marketing and promotional		15,455,913	6,163,198
Professional and technical fee		12,651,867	11,143,936
Depreciation on property, plant and equipment and investment property	6 & 8	11,450,981	10,164,283
Depreciation on right-of-use assets	9	10,698,838	11,621,074
Utilities		7,400,643	7,363,177
Insurance		4,167,659	3,904,834
Travelling		3,747,794	7,980,117
Board of Directors' fee		3,679,764	3,166,213
Repairs and maintenance		2,774,702	731,212
Management fee		1,000,000	12,021,546
Rent		864,741	6,253,978
Amortization	7	729,456	297,170
Stationery and printing		136,922	936,903
Other		19,524,678	12,424,218
		256,330,834	245,538,680

28. OTHER EXPENSES

	2020	2019
Banks commission	552,106	2,193,687
Foreign currency exchange loss	698,915	1,150,545
Loss on sale of property, plant and equipment	275,882	506,880
	1,526,903	3,851,112

29. FINANCE INCOME

	2020	2019
Finance income on sublease assets	725,310	1,337,128

30. FINANCE COSTS

	2020	2019
Interest from lease liabilities (note 9 b)	26,912,213	27,642,871
Interest on employees' end-of-service benefits (note 20 a)	3,478,573	6,653,165
Interest on short-term borrowings	4,003,307	-
	34,394,093	34,296,036

31. EARNINGS PER SHARE

A. Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

	2020	2019
(Loss)/profit for the year	(334,686,399)	463,933,403

ii. Weighted-average number of ordinary shares (basic)

	2020	2019
Weighted-average number of ordinary shares during the year	82,000,000	82,000,000

iii. Earnings per share - basic

	2020	2019
(Loss)/earnings per share	(4.08)	5.66

B. Diluted earnings per share

There were no diluted shares during the year, accordingly, the diluted earnings per share will be the same as the basic earnings per share.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

32. OPERATING SEGMENTS

A. Information about reportable segments

December 31, 2020

	Inflight	Retail	Catering and facilities	Total reportable segments	All other segments	Head office	Total
External revenue	646,991,306	64,610,182	195,695,116	907,296,604	19,277,038	-	926,573,642
Inter-segment revenue	26,528,651	(8,306)	3,853,082	30,373,427	144,572,859	-	174,946,286
Segment revenue	673,519,957	64,601,876	199,548,198	937,670,031	163,849,897	-	1,101,519,928
Segment profit/(loss) before zakat and tax	149,994,035	(64,396,159)	(5,993,413)	79,604,463	(395,445,993)	-	(315,841,530)
Depreciation and amortization	109,721,833	12,936,929	14,918,198	137,576,960	44,527,519	-	182,104,479
Impairment loss	-	-	(22,900,000)	(22,900,000)	-	-	(22,900,000)
Assets:							
Segment assets	1,099,214,912	149,536,385	143,713,661	1,392,464,958	319,565,964	-	1,712,030,922
Other assets	-	-	-	-	-	594,969,684	594,969,684
Total	1,099,214,912	149,536,385	143,713,661	1,392,464,958	319,565,964	594,969,684	2,307,000,606
Liabilities:							
Segment liabilities	537,183,521	84,947,451	40,696,927	662,827,899	253,603,535	-	916,431,434
Other liabilities	-	-	-	-	-	530,492,287	530,492,287
Total	537,183,521	84,947,451	40,696,927	662,827,899	253,603,535	530,492,287	1,446,923,721

December 31, 2019

	Inflight	Retail	Catering and facilities	Total reportable segments	All other segments	Head office	Total
External revenue	1,707,122,865	176,688,018	197,278,132	2,081,089,015	75,177,240	-	2,156,266,255
Inter-segment revenue	59,378,164	-	6,300,459	65,678,623	309,484,117	-	375,162,740
Segment revenue	1,766,501,029	176,688,018	203,578,591	2,146,767,638	384,661,357	-	2,531,428,995
Segment profit/(loss) before zakat and tax	883,636,366	2,417,136	2,034,621	888,088,123	(385,020,629)	-	503,067,494
Depreciation and amortization	100,844,835	3,867,056	11,038,566	115,750,457	43,319,223	-	159,069,680
Assets:							
Segment assets	1,193,205,347	162,322,774	156,002,167	1,511,530,288	346,891,052	-	1,858,421,340
Other assets	-	-	-	-	-	645,843,684	645,843,684
Total	1,193,205,347	162,322,774	156,002,167	1,511,530,288	346,891,052	645,843,684	2,504,265,024
Liabilities:							
Segment liabilities	444,995,950	70,369,381	33,712,813	549,078,144	210,081,921	-	759,160,065
Other liabilities	-	-	-	-	-	439,453,018	439,453,018
Total	444,995,950	70,369,381	33,712,813	549,078,144	210,081,921	439,453,018	1,198,613,083

B. Reconciliations of information on reportable segments to IFRS measures

I. Revenue

	2020	2019
Total revenue for reportable segments	937,670,031	2,146,767,638
Revenue for other segments	163,849,897	384,661,357
Elimination of intersegment revenue	(174,946,286)	(375,162,740)
Total revenue	926,573,642	2,156,266,255

II. Profit

	2020	2019
Total profit for reportable segments	79,604,463	888,088,123
Loss for other segments	(395,445,993)	(385,020,629)
Total (loss)/profit	(315,841,530)	503,067,494

III. Assets

	2020	2019
Total assets for reportable segments	1,392,464,958	1,511,530,288
Assets for other segments	319,565,964	346,891,052
Head office	594,969,684	645,843,684
Total assets	2,307,000,606	2,504,265,024

Other unallocated amounts principally related to cash and cash equivalents, investment securities and prepayment and other current assets.

IV. Liabilities

	2020	2019
Total liabilities for reportable segments	662,827,899	549,078,144
Liabilities for other segments	253,603,535	210,081,921
Head office	530,492,287	439,453,018
Total liabilities	1,446,923,721	1,198,613,083

Head office amounts principally related to trade and other payables, current zakat and tax liabilities and employee benefits.

V. Geographical information

Revenue	December 31, 2020	December 31, 2019
Kingdom of Saudi Arabia	910,774,024	2,093,009,467
Egypt - Cairo	15,799,618	63,256,788
Total revenue	926,573,642	2,156,266,255

C. Major customer

Revenue from one customer of the Company's Airline segment represented approximately 58% (2019: 60%) of the Company's total revenue.

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

33. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its businesses.

The Company manages the Capital structure in the context of economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, opt for short term or loan term loans.

The Company monitors return on capital employed and makes adjustment to it in the light of changes in economic conditions. The Company already obtained short-term loan amounting to SR 300 million. The Company monitors capital using a debt equity percentage.

	2020	2019
Total liabilities	1,446,923,721	1,198,613,083
Less: cash and cash equivalents	(257,453,899)	(188,903,543)
Net debt	1,189,469,822	1,009,709,540
Total equity	860,076,885	1,305,651,941
Net debt to total equity percentage	138%	77%

34. IMPAIRMENT LOSSES

The recoverable amount is based on "value-in-use" method and was determined at the level of cash generating units ("CGU") as identified by management and consists of the net operating assets of each CGU. In determining value in use for the CGUs, the cash flows (determined using approved five-year business plan and budget) were discounted at a rate of 10.18% and were projected up to the year 2025.

As part of Company's assessment exercise of the recoverable amounts of non-financial assets including right-of-use assets at the year-end; the Company has recognized impairment losses of SR 22.9 million (December 31, 2019 SR: Nil).

The Company has reviewed the carrying amounts of its nonfinancial assets to determine whether their carrying values exceed the recoverable amounts. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is established based on the estimated future cash flows based on 5-year management's approved plan, discounted to their present value using the growth rates and discount rates (disclosed as key assumptions in the table below).

Key assumptions used for determination of value in use:

Cash flow projections were prepared using budgeted earnings before interest, Zakat, depreciation and amortization (EBITDA) taking into account past experience, and following factors:

- (i) Estimated revenue and EBITDA Growth for future five years based on expected sales volume and price growth for these years.
- (ii) Estimated improvement in gross margins and EBITDA as a result of improvement plans currently being carried out by the Company.

These cash flows were discounted using a discount rate which was estimated using industry average weighted-average cost of capital and cost of debt.

The key assumptions used for determination of recoverable amounts are as follows:

	2020
Budgeted gross margin	23% to 88%
Compounded annual revenue growth rate	3% to 44%
Budgeted EBITDA margins	-10% to 43%
Discount rate	10.18%
Terminal growth rate	2.64%

The calculation of value-in-use is most sensitive to the following key assumptions used:

- Terminal growth rate
- Discount rate applied to cash flows projections
- Sensitivity analysis

The implications of changes to the key assumptions are described below.

	2020	
	Increase	Decrease
Discount rate (1% movement)	29,167,973	14,346,331
Terminal growth (1% movement)	16,287,375	27,720,801

35. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Measurement of fair values

Except for the investment property, the fair values of the Company's financial assets and liabilities approximate their carrying amounts.

B. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (cash flow and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Company's financial performance.

Risk management framework

The Board of Directors has put in place appropriate structures to ensure risk governance and monitoring across the Company. The Company's overall financial risk management focuses on the unpredictability of financial markets and the clients' payment behavior and seeks to minimize potential adverse effects on the Company's financial performance.

The principles of overall financial risk management, as well as policies covering specific areas such as credit risk and the investment of excess liquidity exist and are formally documented.

Cash flow and interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and associated operating cash inflows are substantially independent of changes in market interest rates. The Company has short-term borrowing are interest rate bearing however the interest rate is fixed by the lender thus there is no fluctuation risk associated.

Currency risk

Currency is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyal, US Dollar, Egyptian Pound, Euro, British Pound and Swiss Franc. The Company has foreign suppliers and also operates in Cairo and therefore exposed to foreign exchange risk. The Company's management monitors such fluctuations and manages its effect on the financial statements accordingly.

Following is the exposure classified into separate foreign currencies:

Trade Payable:	2020	2019
US Dollar	263,091	4,750,195
Egyptian Pound	15,891,612	8,441,729
Euro	527,013	2,172,879
British Pound	868,208	137,574
UAE Dirhams	318,582	66,077
Swiss Franc	7,738	-

Following is the exposure classified into separate foreign currencies:

Foreign currency per Saudi Riyal	Average Rate		Spot Rate	
	2020	2019	2020	2019
US Dollar	3.750	3.750	3.753	3.749
Egyptian Pound	0.231	0.228	0.238	0.233
Euro	4.459	4.168	4.586	4.198
British Pound	4.913	4.889	5.124	4.917
Swiss Franc	4.205	-	4.241	3.861
UAE Dirhams	1.021	1.015	1.021	1.021

Notes to the Financial Statements continued

For the year ended December 31, 2020

(Expressed in Saudi Arabian Riyals)

35. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT continued

B. Financial risk management continued

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before zakat and income tax for the year by SR. 0.4 million (December 31, 2019 = SR. -0.3 million).

Credit risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions are limited because the counterparties are banks and financial institutions which, in general, have an investment grade rating assigned by international credit rating agencies.

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

	December 31, 2020	December 31, 2019
Financial assets		
Due from related parties	688,838,692	656,703,848
Trade receivables	200,463,671	263,063,165
Balances with banks	257,453,899	188,174,435
Unbilled receivables	12,342,885	21,279,521
Margin deposits with banks	8,005,337	6,075,999
Investment in sub-lease	23,482,995	25,385,157
Financial asset at amortized cost	17,497,223	19,754,026
	1,208,084,702	1,180,436,151

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings ranging from A3 to A1 based on Moody's credit rating and BBB+ based on Fitch credit rating. All bank accounts are held with banks within Saudi Arabia and Cairo.
- The Company currently does not obtain security / collateral from its customers.

Concentration Risk

As at December 31, 2020, 5 largest customers account for approximately 78% (31 December 2019: 71%) of gross outstanding trade receivables

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Company maintain flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. The Company have any credit facility in place whereby the Company availed SR 300 million from the facility and monitor risk to a shortage of funds by reviewing short-term cash forecasts on a continuous basis and by undertaking mid-term cash forecasts during the year.

Fair value of assets and liabilities

The following table shows the carrying amount of the financial assets and financial liabilities at December 31, 2019 and 2020. The Company does not have any assets measured at FVTPL or FVOCI at December 31, 2019 and 2020.

Financial assets classified as amortised cost

Carrying value:	2020	2019
Trade and other receivables	800,596,516	868,141,260
Balances with banks	257,453,899	188,174,435
Other receivables	20,348,222	27,335,520
Sub-leased assets	23,482,995	25,385,157
Financial asset at amortized cost	17,497,223	19,754,026
	1,119,378,855	1,128,790,398

Financials liabilities as at amortised cost

Carrying amount:	2020	2019
Trade and other payables	389,712,072	453,814,413
Short-term borrowing	300,000,000	-
Lease liabilities	580,085,903	533,866,178
	1,269,797,975	987,680,591

All the financials assets and liabilities mentioned above are at amortised cost and are not subject to fair value assessment.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements and Zakat & tax and VAT liabilities.

December 31, 2020	Carrying amount	Total	Less than one year	More than one year
Liabilities				
Trade and other payables	389,712,072	389,712,072	389,712,072	-
Short-term borrowing	300,000,000	300,000,000	300,000,000	-
Lease liabilities	580,085,903	580,085,903	167,856,691	412,229,212
December 31, 2019	Carrying amount	Total	Less than one year	More than one year
Trade and other payables	451,870,275	451,870,275	451,870,275	-
Lease liabilities	533,866,178	533,866,178	117,364,903	416,501,275

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities which are not usually closed out before contractual maturity.

36. COMMITMENTS AND CONTINGENCIES

As at December 31, the Company had the following commitments and contingencies:

	December 31, 2020	December 31, 2019
Capital commitments	91,004,160	114,492,477
Letter of guarantees	63,274,273	48,827,369

Letters of guarantee are issued by a bank on behalf of the Company to a supplier and promises to meet any financial obligations to the supplier in the event of default and this requires the Company to place cash with the bank. As at December 31, 2020, the Company fully paid the amount against letters of guarantee, hence no further financial charges are payable.

The Company had a credit facility with SABB from January 2020 for the bank guarantee issued on behalf of the Company to a supplier with the year-to-date issued amount of SR. 37,771,713.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved by the Board of Directors on Directors on March 28, 2021, corresponding to Shaban 15, 1442H.

Chief Financial Officer

Chief Executive Officer

Authorized Board of Directors Member

