SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023
Together with the
Independent Auditor's Report

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2023

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P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Saudi Public Transport Company (A Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Saudi Public Transport Company ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (Continued)

To the Shareholders of Saudi Public Transport Company (A Saudi Joint Stock Company)

Key Audit Matter (continued)

Revenue recognition – See note (5-4) to the consolidated financial statements for the accounting policy relating to revenue recognition and note (31) to the consolidated financial statements for the related disclosures.

The key audit matter	**How the matter was addressed in our audit**
During the year ended 31 December 2023, the Group recognised total revenue of SR 1,569 million (2022: SR 1,319 million). Sales from transportation of passengers are recognized as revenue when the respective transportation services are rendered. Sales from transportation of passengers and specialised services, are recognized at a point in time. Revenues from service concession arrangements, are recognized over time in accordance with agreed contractual terms and completion of works. We considered revenue recognition as a key audit matter because revenue is one of the Group's performance indicators giving rise to an inherent risk that revenue could be subject to overstatement to meet targets or expectations.	Among other procedures, our procedures included the following: • Assessed the design, implementation and operating effectiveness of management's key internal controls (including relevant IT general and application controls) which govern the revenue recognition process; • Evaluated the Group's revenue recognition policy; • Tested a sample of revenue transactions made during the year and inspecting underlying supporting documentation; • Inquired from management whether there were actual or suspected cases of fraud; • Tested a sample of credit notes post the year-end, where applicable, to assess that the revenue is recorded in the correct period; and • Considered the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

Key Audit Matter (continued)

Assessing potential impairment of Property, plant, and equipment (Buses and Vehicles)– See notes (5-11) and (5-20) to the consolidated financial statements for the accounting policy relating to property, plant, and equipment and note (7) to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2023, the Group's property, plant and equipment amounted to SR 1,149 million (2022: SR 919 million). The management performed an impairment assessment by comparing the carrying value of the cash generating units (CGU) for buses, trucks and related assets amounting to SR 811 million, to their recoverable amount, being the higher of fair value less costs of disposal and value in use, to determine if any impairment loss should be recognized. The recoverable amount of the identified CGU was determined based on Value-In-Use ("VIU") calculations based on discounted cash flows forecasts. Estimating the value in use comprises of projections of future discounted cash flows of the cash-generating units, approximations of growth rates and discount rates which are inherently subject to significant uncertainty due to changing economic conditions and trends. We considered the assessment of impairment of buses, trucks, and related assets as a key audit matter because the assessment includes certain significant assumptions, and involves an element of uncertainty.	Among other procedures, our procedures included the following: • Assessed the design and implementation of management's key internal controls which govern the process around assessing potential impairment of property, plant and equipment (Buses, trucks and related assets); • Assessed management's identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment; • Evaluated the assumptions adopted in the preparation of the discounted cash flow forecasts, including projected future growth rates for income and expenses and discount rate with reference to our understanding of the business, historical trends and available sector information. • We used our own valuation specialists to assess the methodology adopted by management in its impairment assessment of property, plant and equipment (Buses, trucks and related assets); • Performed sensitivity analyses on the key assumptions, including weightage average cost of capital ('WACC'), used in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions; and • Considered the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.

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Independent Auditor's Report (Continued)

To the Shareholders of Saudi Public Transport Company (A Saudi Joint Stock Company)

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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Independent Auditor's Report (Continued)

To the Shareholders of Saudi Public Transport Company (A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudi Public Transport Company ("the Company") and its subsidiaries ("the Group").

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Al Dossari
License No.: 469

Riyadh, 25 Shaaban 1445H
Corresponding to: 6 March 2024

كي بي إم جي للاستشارات المهنية
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KPMG
ترخيص رقم ٤٦
س.ت ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
(Saudi Arabian Riyals in '000)

	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment, buses and trucks, net	7	**1,149,457**	919,304
Investment Properties	8	**307,122**	307,122
Intangible assets, net	9	**624,657**	631,383
Right-of-use assets, net	10	**39,971**	81,391
Due from a related party-non current portion	27	**39,023**	46,629
Equity Accounted investees	11	**30,274**	46,723
Deferred tax assets	29	**343**	302
Other non-current assets		**2,034**	2,852
Total non-current assets		**2,192,881**	2,035,706
Current assets			
Inventories, net	13	**27,819**	25,413
Trade receivables, net	14	**343,782**	224,898
Unbilled receivables	12	**848,762**	1,278,217
Prepayments and other current assets	15	**76,581**	50,383
Due from related parties – current portion	27	**58,967**	60,069
Other investments, including derivatives	16	**13,877**	7,523
Cash and cash equivalents	17	**434,248**	991,859
		1,804,036	2,638,362
Assets held for sale	35	**39,300**	-
Total current assets		**1,843,336**	2,638,362
Total assets		**4,036,217**	4,674,068
EQUITY			
Share capital	18	**1,250,000**	1,250,000
Statutory reserve	19	**-**	-
Consensual reserve	20	**-**	-
Accumulated losses		**(335,915)**	(304,915)
Equity attributable to shareholders of the Parent Company		**914,085**	945,085
Non-controlling interests	39	**7,605**	(5,416)
Total equity		**921,690**	939,669
Liabilities			
Non-current liabilities			
Murabaha financing-non current portion	21	**854,754**	1,035,376
Advance from a customer-non current portion	22	**897,857**	1,053,531
Employees' defined benefits obligations	23	**145,143**	175,337
Lease liabilities- non current portion	24	**30,348**	62,178
Total Non-current liabilities		**1,928,102**	2,326,422
Current Liabilities			
Murabaha financing- current portion	21	**289,677**	445,300
Short-term Murabaha financing	21	**151,846**	150,838
Trade and retention payables	26	**61,722**	181,145
Due to related parties	27	**14,233**	22,023
Lease liabilities- current portion	24	**11,391**	20,853
Accrued expenses and other current liabilities	28	**404,221**	313,066
Contract liabilities	25	**9,542**	9,932
Advance from a customer – current portion	22	**225,290**	241,053
Zakat and income tax payable	29	**18,503**	23,767
Total current liabilities		**1,186,425**	1,407,977
Total liabilities		**3,114,527**	3,734,399
Total equity and liabilities		**4,036,217**	4,674,068

Authorized board member **Chief Financial Officer**

The accompanying notes 1 through 43 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year end 31 December 2023
(Saudi Arabian Riyals in '000)

	Note	**31 December 2023**	31 December 2022
Revenues	*31*	**1,569,656**	1,319,467
Cost of revenues	*32*	**(1,298,931)**	(1,143,384)
Gross profit		**270,725**	176,083
Selling and distribution expenses	*33*	**(36,353)**	(23,633)
General and administrative expenses	*34*	**(136,666)**	(126,390)
(Impairment)/ reversal of assets held for sale	*35*	**(17,309)**	4,220
Impairment loss of intangible and tangible assets	*7 &9*	**(6,577)**	(55,975)
Impairment loss on trade receivables and other current assets	*14*	**(13,738)**	(16,000)
Operating Profit/(loss) for the year		**60,082**	(41,695)
Finance income		**12,124**	4,478
Finance cost		**(92,311)**	(69,944)
Net finance costs		**(80,187)**	(65,466)
Share in loss of a joint venture	*11*	**(26,694)**	(20,655)
Share in loss of an associates	*11*	**(1,669)**	(2,801)
Other income	*36*	**36,747**	40,110
Loss before zakat and income tax		**(11,721)**	(90,507)
Zakat and income tax	*29*	**(12,456)**	(5,847)
Net loss for the year		**(24,177)**	(96,354)
(Loss)/profit for the year attributable to:			
Shareholders of the Parent Company		**(35,584)**	(90,872)
Non-controlling interests	39	**11,407**	(5,482)
Net loss for the year		**(24,177)**	(96,354)
Loss per share (in Saudi Riyal):			
Basic and diluted, from the loss for the year attributable to shareholders of the parent company	*37*	**(0.28)**	(0.73)

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 43 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year end 31 December 2023
(Saudi Arabian Riyals in '000)

	31 December 2023	31 December 2022
Loss for the year	**(24,177)**	(96,354)
Other comprehensive income		
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:		
Re-measurement profit / (loss) of defined benefit obligation	**4,698**	(13,487)
Total items that will not be reclassified subsequently to the consolidated statement of profit or loss:	**4,698**	(13,487)
Total comprehensive loss for year	**(19,479)**	(109,841)
Total comprehensive (loss)/profit for the year relating to:		
Shareholders of the Parent Company	**(31,000)**	(104,565)
Non-controlling interests	**11,521**	(5,276)
Total comprehensive loss for the year	**(19,479)**	(109,841)

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 43 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year end 31 December 2023
(Saudi Arabian Riyals in '000)

	Share capital	Statutory reserve	Consensual reserve	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
At 1 January 2023	**1,250,000**	**-**	**-**	**(304,915)**	**945,085**	**(5,416)**	**939,669**
Loss for the year	**-**	**-**	**-**	**(35,584)**	**(35,584)**	**11,407**	**(24,177)**
Other comprehensive profit for the year	**-**	**-**	**-**	**4,584**	**4,584**	**114**	**4,698**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**(31,000)**	**(31,000)**	**11,521**	**(19,479)**
Establishment of a subsidiary with NCI (Note-1)	**-**	**-**	**-**	**-**	**-**	**1,500**	**1,500**
As at 31 December 2023	**1,250,000**	**-**	**-**	**(335,915)**	**914,085**	**7,605**	**921,690**

	Share capital	Statutory reserve	Consensual reserve	Accumulated losses	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
At 1 January 2022	1,250,000	-	-	(200,350)	1,049,650	(140)	1,049,510
Loss for the year	-	-	-	(90,872)	(90,872)	(5,482)	(96,354)
Other comprehensive profit/(loss) for the year	-	-	-	(13,693)	(13,693)	206	(13,487)
Total comprehensive loss	-	-	-	(104,565)	(104,565)	(5,276)	(109,841)
As at 31 December 2022	1,250,000	-	-	(304,915)	945,085	(5,416)	939,669

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 43 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year end 31 December 2023
(Saudi Arabian Riyals in '000)

	Note	31 December 2023	31 December 2022
Operating activities			
Loss for the year before Zakat and income tax		**(11,721)**	(90,507)
Adjustments to reconcile loss before Zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment, buses and trucks	7	**170,522**	148,458
Amortization right of-use of assets	10	**15,330**	18,478
Amortization of intangible assets	9	**10,790**	8,188
Impairment loss of intangible and tangible assets	7	**6,577**	55,975
Impairment loss on trade receivables and other current assets	14	**13,738**	16,000
Reverse of Zakat provision		**(12,804)**	-
(Reversal) / provision of Inventories	13	**(253)**	2,622
Share in loss of a joint venture	11	**26,694**	20,655
Impairment / (Reversal of impairment) of assets held for sale	35	**17,309**	(4,220)
Share in losses of associates	11	**1,669**	2,801
Finance cost		**82,331**	62,803
Finance income		**(8,001)**	(1,376)
Provision for employees' defined benefits obligations	23	**24,737**	24,738
Loss / (Gain) from sale of property, plant and equipment net		**141**	(3,822)
Gain on termination of lease		**300**	-
Interest expense on lease liabilities		**2,165**	2,780
Change in Investments in equity instruments through FVTPL	16	**(1,014)**	1,340
Cash flow after adjustments for non-cash items		**338,510**	264,913
Changes in:			
Inventories	13	**(2,152)**	(11,592)
Trade receivables and unbilled receivables	14	**297,367**	698,880
Amounts due from related parties	27	**1,103**	(13,430)
Prepayments and other current assets	15	**(26,732)**	7,477
Other non-current assets		**818**	817
Trade payables	26	**(119,423)**	54,129
Amounts due to related parties	27	**(7,790)**	10,447
Advance from a customer	22	**(171,437)**	(223,584)
Accrued expenses and other current liabilities	28	**89,486**	51,945
Contract liabilities	25	**(390)**	(17)
Cash flows generated from operating activities		**399,360**	839,985
Zakat and income tax paid	29	**(4,955)**	(30,451)
Employees' defined benefits liabilities paid	23	**(50,578)**	(20,023)
Net cash flows generated from operating activities		**343,827**	789,511
Investing activities			
Investments in equity instruments through FVTPL	16	**(588)**	(9,244)
Liquidation investments in equity instruments through FVTPL	16	**-**	381
Proceeds from sale of property, plant and equipment, buses and trucks	7	**655**	11,460
Purchase of property, plant and equipment, buses and trucks	7	**(458,081)**	(175,185)
Purchase of intangible assets	9	**(10,641)**	(26,859)
Net cash used in investing activities		**(468,655)**	(199,447)
FINANCING ACTIVITIES			
Proceeds from Murabaha financing		**895,800**	1,021,135
Payment of Murabaha financing		**(1,231,037)**	(952,730)
Payment of lease liabilities		**(17,668)**	(20,341)
Proceeds from issuance of shares to NCI by a subsidiary		**1,500**	-
Repayment of finance costs		**(81,378)**	(56,399)
Net cash outflows from financing activities		**(432,783)**	(8,335)
Net (Decrease) / Increase in cash and cash equivalents		**(557,611)**	581,729
Cash and cash equivalents at 1 January		**991,859**	410,130
Cash and cash equivalents at 31 December		**434,248**	991,859
Significant non-cash transaction			
Transferred from intangible assets to property and equipment		**-**	117
Right-of-use assets		**26,090**	56,016
Lease liability on right-of-use assets		**26,090**	56,016
Transferred from assets held for sale to property and equipment		**39,300**	324
Transferred from intangible assets to unbilled receivables		**-**	30,882
Discounting impact of due from related party loan		**9,900**	-
Derivative financial asset – interest rate SWAP		**4,752**	

Authorized board member **Chief Financial Officer**

The accompanying notes 1 through 43 form an integral part of these consolidated financial statements.

(Saudi Arabian Riyals in '000)

1. REPORTING ENTITY

Saudi Public Transport Company ("SAPTCO", the "Parent Company", or the "Group") is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia and formed under the Royal Decree No. M/11 dated on 7 Rabi' I 1399H (corresponding to 5 February 1979) whose shares are publicly traded on the Saudi Stock Exchange. The formation was declared pursuant to the resolution of his Excellency, The Minister of Commerce, No. 254 dated 14 Sha'aban 1399H (corresponding to 9 July 1979). The Company operates under Commercial Registration number 1010024335 issued on 5 Ramadan 1399H (corresponding to 29 July 1979). The Parent Company's head office's address is Al-Nakheel neighborhood, Al-Takhasusi Street, Building No. 7995, P.O. Box 10667 Riyadh 11443, KSA.

The principal activities of the Group are passenger's buses transport both intra and inter-city throughout and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and private transport, operating and maintaining of trains, metros, motor vehicles and trucks, organizing tours, transporting pilgrims and visitors inside and outside of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles.

The Transport General Authority published in September 2021 an application document containing the authority's desire to plan and implement the liberalization of the intercity bus transportation services market in the Kingdom of Saudi Arabia and dividing it into concession areas. Later, in January 2022, it published a brochure of conditions and specifications to qualify companies wishing to apply for concession area operation tender, provided that their operation began in July 2023. The company continues to provide inter-city bus transportation service.

The approval of the Council of Ministers was issued on 5 Jumada Al-Awwal 1444 AH (corresponding to 29 November 2022 AD) to further extend the concession contract starting from 2 Rajab 1443 AH (corresponding to 3 February 2022 AD) to 18 Jumada Al-Akhira 1445 AH (corresponding to 31 December 2023 AD), or to complete the start-up in all areas according to the new contracts (whichever is earlier).

The concession to provide intercity bus transportation services by SAPTCO in the Kingdom of Saudi Arabia has ended on 15 October 2023. The new intercity service concessions has become effective on the said date. The Group won the intercity concession for Southern region of the Kingdom of Saudi Arabia to transport passengers by buses. The contract with the Transport General Authority for said concession was signed on 15/2/2023 for a period of ten years by the consortium of SAPTCO and NEX Continental Holdings, the operations started on 15 October 2023. The concession operated through a separate Company called SAT Transport Company (Subsidiary Company).

The Parent company has invested in the following subsidiaries, which are included in these consolidated financial statements:

Subsidiaries	Year of incorporation	Shareholding 31 December 2023	Shareholding 31 December 2022	Principal activity	Country of incorporation
Public Transportation Company (PTC)	2014	**80%**	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Kingdom of Saudi Arabia
Digital Mobility Solutions Company for Investments * (DMS)	2021	**100%**	100%	Systems analysis and self-mobility technologies	Kingdom of Saudi Arabia
SAT Transport company	2023	**85%**	-	Intercity Transportation Services	Kingdom of Saudi Arabia

(Saudi Arabian Riyals in '000)

1. REPORTING ENTITY (CONTINUED)

Public Transportation Company ("PTC") (20% owned by RATP Development (French company)) is a Limited Liability Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010429250 dated 8 Rabi' I 1436H (corresponding to 31 December 2014). The Company is engaged in importing, operating and maintaining of buses in Riyadh according to license issued by the Ministry of Investment No. 10608351147347 dated on 8 Dhul-Qi'dah 1435H (corresponding to 4 September 2014).

The paid up capital of the Company is SR 10 million. The principal activity of the company is executing King Abdulaziz Project for Public Transport in Riyadh.

Digital Mobility Solutions Company for Investments which is 100% owned by Saudi Public Transport Company is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010732875 dated 1 Muharram 1443H (corresponding to 10 August 2021). The paid up capital of the Company is SR 5 million. The Company is engaged in the activities of systems analysis and mobility technologies.

* Rekab Solutions for transportation services Company which is 100% owned by Digital Mobility Solutions Company for Investments is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010795911 dated 16 Ramadhan 1443H (corresponding to 17 April 2022). The paid up capital of the Company is SR 10,000. The Company is engaged in the activities of shared rides transportation services.

** Fast mile company is 100% owned by Digital Mobility Solutions Company for Investments is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010840763 dated 22 Rabi ul Awal 1444H (corresponding to 18 October 2022). The paid up capital of the Company is SR 10,000. The Company is engaged in logistic services.

SAT Transport Company ("SAT") (15% owned by Nex Continental Holdings (Spain Company)) is a Limited Liability Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010919499 dated 26 Safar' 1445H (corresponding to 11 September 2023). The Company is engaged for the procurement, operation, and maintenance of intercity bus services across the Kingdom of Saudi Arabia. The paid up capital of the Company is SAR 10 million.

The Company has the following equity account investees:

		Shareholding			
Equity account investees	**Relationship**	**31 December 2023**	31 December 2022	**Principal activity**	**Country of incorporation**
Saudi Bahraini Transport Company (*)	Associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia
Capital Metro Company Limited (CAMCO)	Associate	20%	20%	Road construction works and maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company (SEITCO)	Joint Venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

* The Saudi Bahraini Transport Company is under liquidation since 31 December 2015.

1. BASIS OF PREPARATION

a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) (hereinafter referred to as "IFRS as endorsed in KSA").

The consolidated financial statements are prepared under the historical cost convention, except for the following:

- Financial assets at fair value through Other Comprehensive Income ("FVOCI") are measured at fair value
- Financial assets at fair value through profit or loss ("FVTPL") are measured at fair value.
- Defined benefit liabilities are recognized at the present value of future liabilities using the Projected Unit Credit Method.
- The Group's investments in its associates and joint venture are accounted according to the equity method.
- Derivative financial assets- interest rate SWAP is measured at fair value

b) New accounting standards or amendments effective in 2023 and subsequent years.

The Group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023.

b.1- New Standards, Amendment to Standards and Interpretations:

b.1.1- Amendment of IAS 1

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

b) New accounting standards or amendments effective in 2023 and subsequent years. (Continued)

b.1.2- Amendments to IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

b.1.3- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

b.2- Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. These amendments are not expected to have significant impact in the Group's Consolidated Financial Statements.

b.2.1- Amendments to IFRS 16 – Leases on sale and leaseback:

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

b.2.2- Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent amendments.

2. BASIS OF PREPARATION (CONTINUED)

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

b.2.3- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

b.2.4- Amendments to IAS 27 – Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

b.2.5- IFRS S1, 'General requirements for disclosure of sustainability-related financial information
This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

b.2.6- IFRS S2, 'Climate-related disclosures'
This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

c) Going Concern
The consolidated financial statements have been prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgments

The preparation of Group's consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by SOCPA require management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, costs, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Revenue recognition: whether revenue is recognized over time or at a point in time. note (31)/ policy 5.4

- Consolidation policy 5.1: whether the Group has de facto control over an investee.

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk that may lead to a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 14/ policy 5.5: measurement of impairment loss on trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and.

- Note 7.1/ policy 5.20: impairment test on property, plant and equipment, buses, trucks, and intangible assets; key assumptions underlying recoverable amounts;

- Note 23/ policy 5.16: measurement of defined benefit obligations: key actuarial assumptions.

- Note 31 The application of IFRS 15 has required management to make the following judgements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Use of estimates and judgments (Continued)

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered into with the customers, the Group does not create an asset with an alternative use to the

Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time. Where this is not the case revenue is recognised at a point in time.

In addition, the application of IFRS 15 has resulted in the following estimation process:
Allocation of transaction price to performance obligation in contracts with customers
The Group has allocated the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation. The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include the time elapsed for services contracts.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimate over cost to complete the project

As part of application of over time method on contract accounting, the cost to complete the project is estimated by the management. These estimates include, amongst other items, the mobilization costs, procurement costs, construction costs, operation costs, variation orders by the Grantor and the cost of meeting other contractual obligations to the Grantor. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

Impairment loss of unbilled receivables

The Group apply the general method for assessing expected and specific credit losses under IFRS 9.
The General use the general model to estimate expected credit losses for government authority. Expected credit losses are calculated over 12 months, or projected credit losses over a lifetime in which the credit value has not decreased or the credit values has decreased, based on the change in the credit risk associated with the financial instrument.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values for financial assets and liabilities. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Use of estimates and judgments (Continued)

The team regularly reviews significant unobservable input and adjustments to the evaluation. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
- Level 1: quoted prices (unadjusted) in active financial markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Saudi Riyals ("SR"), which is also the Group's functional currency. All amounts have been rounded to the nearest thousand ("SR'000"), unless otherwise indicated.

5. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except stated otherwise.

5.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023 and collectively referred to as ("the Group"). Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee
(i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.1 Basis of consolidation (Continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (“OCI”) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognized at fair value. The non-controlling interest is measured at its proportional share of the acquiree's net assets.

5.2 Equity accounting in investee

An associate is an entity over which the Group has significant influence. Significant influence is defined as the ability to participate in the financial and operating policies and decisions of the investee but is not ‘control’ or ‘joint control’ of those policies.

A joint venture is a form of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations established to ensure whether there is a significant influence or joint control are similar to those necessary considerations to determine control over the subsidiaries.

The Group’s investments in its associates and joint venture are accounted according to the equity method.

Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not nor individually tested for impairment. The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there is any change that is directly recognized in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

The aggregate of the Group's share of profit or loss of the associate or joint venture is shown in the consolidated statement of Profit or loss outside operations profit and represents the income or loss after tax and the non-controlling interest in the subsidiaries of the associate or joint venture.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 Equity accounting in investee (Continued)

The financial statements of the associates or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After applying the equity method, the Group determines whether it is necessary to recognizes any impairment loss in the value of its investment in its associate or joint venture. At the date of the preparation of each consolidated financial statements, the Group ensures that there is objective evidence that the investment in an associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as "share in earnings of an associate or joint venture" in the consolidated statement of Profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes the retained investment at fair value. The difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and disposal proceeds is recognized in the consolidated statement of Profit or loss.

5.3 Classification of assets and liabilities as "current" and "non-current"

The Group presents assets and liabilities in the consolidated statement of financial position as current/ non-current.

Assets are current when they are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- If it is acquired mainly for trading purposes.
- 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.

All other assets are classified as non-current.

A liability is current when:

- When it is expected to be settled in the normal operating cycle.
- If it is acquired mainly for trading purposes.
- 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 financial period.

The Group classifies all other liabilities as "non-current".

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 *Revenue from contracts with customer*

The Group recognizes revenue according to IFRS 15, using the following five-steps model:

Step 1: Identify the contract with the 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	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Identify the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue as it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer

The Group carefully evaluates the terms and conditions of the contracts with its customers because revenue is recognized only when performance obligations in contracts with customers are satisfied. A change in the scope or price of a contract (or both) is considered as a contract modification and the Group determines whether this creates a new contract or whether it will be accounted for as part of the existing contract.

Identify the performance obligations

Once the Group has identified the contract with a customer, it evaluates the contractual terms and its customary business practices to identify all the promised services within the contract and determine which of those promised services (or bundles of promised services) will be treated as separate performance obligations.

Identify the transaction price

The Group determines transaction price as the amount which it expects to be entitled. It includes an estimate of any variable consideration, the effect of a significant financing component (i.e., the time value of money), the fair value of any non-cash consideration and the effect of any consideration paid or payable to a customer (if any). Variable considerations are limited to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allocation of transaction price

Once the performance obligations have been identified and the transaction price has been determined, transaction price is allocated to the performance obligations, generally in proportion to their stand-alone selling prices (i.e., on a relative stand-alone selling price basis). When determining stand-alone selling prices, the Group is required to use observable information, if any. If stand-alone selling prices are not directly observable, the Group makes estimates based on information that is reasonably available.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 *Revenue from contracts with customer (Continued)*

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

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.
- Revenues are measured at fair value of consideration received or receivable, after taking into account terms of payment contracted, net of taxes and levies. The Group reviews revenue arrangements according to specific criteria to determine whether it is acting as a principal or agent.
- Revenue is recognized to the extent that economic benefit will flow to the Group, and revenue and cost, if applicable can be measured reliably.

The Group provides transportation services within and outside the Kingdom of Saudi Arabia, as well as the related services. If the services under a single arrangement are rendered during different financial periods, then it is allocated on sale value basis between the different services.

Some tickets are neither used for travel and nor refundable. This is often referred to as "tickets breakage". In cases in which the Group is expected to be entitled to breakage, the estimated amount is recognized as revenue to the extent it is highly probable that there will be no significant revenue reversal. Where the Group cannot accurately estimate the breakage that there will be no significant revenue reversal, then the respective revenue is recognized only when the likelihood of the customer exercising its remaining rights becomes remote.

Revenue is recognized upon when services are rendered to customers.

The Group also provides a secondary service other than ticket as an extra charge for extra baggage. The Group determines this secondary service as a distinct from the transportation ticket and accounts for these service as a separate performance obligation.

The Group generates revenue from the following areas:
a) Passenger transport
b) Revenue from specialized services
c) Revenue from government contracts
d) Service concession arrangements with third parties
e) Revenue from digital mobility solution

Revenue over time is recognized for each performance obligation by measuring progress towards satisfying the performance obligation. The non-cash consideration is measured at fair value.

If the fair value of non-cash consideration cannot be reasonably estimated, the consideration is measured with reference to standalone selling price of other goods or services promised to the customers in exchange for the consideration.

A contract modification exists when the parties to a contract approve a modification that creates new or changes enforceable rights and obligations of the parties to the contract. Revenue recognition under the existing contract should continue until the contract modification is approved.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 *Revenue from contracts with customer (Continued)*

(a) Revenue form passenger transport

Revenue from passenger transport represent Urban, intercity and international transportation services.

Revenue is recognized when the customer obtains transportation service. The revenue is recognized at a point in time.

(b) Revenue from specialized services

The key services provided through specialized services are as follows: -

- Short period contracts to provide transport specialized services to direct beneficiaries or special programs organizers.
- Continuous contract services represented in contracting with government authorities, companies and universities to transfer their employees and students.

Revenue is recognized when the customer obtains the transportation service. The revenue is recognized at a point in time.

(c) Revenue through government contracts

This represents contract revenues for public transport services inside cities from the contracts concluded with the Royal Commission for Riyadh City, Jeddah Municipality, Medina Region Development Authority, Eastern Region Municipality and Taif Municipality. The revenue is recognized over time.

(d) Service concession arrangements

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Service concession arrangement:
The subsidiary (Public Transportation Company "PTC", "the Operator") entered into a contract with the Royal Commission for Riyadh ("Commission" or "the Grantor") on 20 November 2014 for the execution of King Abdulaziz Project for Public Transport in Riyadh. Original contract term is 12 years. Under the arrangement, the Company purchases buses, constructs warehouses, manages operations (i.e. operations of buses - public transportation in various transport lines) and management of transport lines for the Commission. The contract is divided into two phases: mobilization phase and operational phase. At the end of the concession period, the grantor has the option of purchasing the infrastructure (buses and warehouses) along with other assets or transferring the legal right to the Company. Terms that give the grantor the right to terminate the agreement include poor company performance and a material breach of the terms of the agreement.

Based on the arrangement with the Riyadh Authority, the Company has an unconditional right to receive cash during the mobilization and operation period and does not have the right to use the infrastructure to recover cash from the general public. The company recognizes the financial assets arising from the concession arrangement when it has an unconditional contractual right to receive cash from the grantor in exchange for construction or upgrade services provided.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 *Revenue from contracts with customer (continued)*

Below table summarizes the type of projects and their revenue recognition.

Type of Project	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
King Abdulaziz Project for Public Transport in Riyadh	The Company recognizes revenue from the services over time when project-related costs are incurred for each of the separately identified performance obligation through the adoption of cost plus basis. A profit margin is based on cost by recognizing the revenue for each performance obligation. The Company has the following performance obligations: i. Preparation ii. Purchase of buses iii. Construction of warehouses iv. Operation of buses v. Facility management vi. Traffic control center Invoices are submitted to the customer based on the payment stages agreed upon in the contract and the mechanism for issuing monthly invoices. The customer acknowledges the work performed before issuing invoices. Invoices are payable within 60 days. Amounts not billed are presented as unbilled revenue.	Revenue is recognized over time as per the contractual terms agreed and completion of work.

(e) Revenue from digital mobility solution

The Company is engaged in the activities of systems analysis and mobility technologies. The company provide on-demand services, shared ride service that picks up multiple passengers heading in the same direction with a click of a button. Revenue is recognized when the customer obtains the service. The revenue is recognized at a point in time. The performance obligations are represented in providing a passenger service to the customer.

5.5 Financial instruments

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

IFRS 9 introduces requirements for the presentation and measurement of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 requires all financial assets to be measured at amortized cost or fair value in subsequent financial periods following initial recognition.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Recognition
Financial assets and liabilities are recognized on the consolidated statement of financial position when the Group becomes a party to the financial instrument.

Classification
The Group classifies its financial assets and liabilities in the following measurement categories:
1) those to be measured subsequently at fair value either through other comprehensive income, or through profit or loss, and
2) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those measured at amortized cost unless designated as liabilities subsequently measured at FVTPL. For assets and liabilities measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI").

The Group reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Group has implemented the following classifications:

Financial statements item	Classification under IFRS 9
Investments at fair value through Profit or loss	Fair value through profit or loss (FVTPL)
Derivative financial assets – Interest Rate SWAP	Fair value through profit or loss (FVTPL)
Investments in Murabaha deposits	Amortized cost
Trade receivables, unbilled receivables and other receivables	Amortized cost
Cash and cash equivalents	Amortized cost
Amounts due from a related party	Amortized cost
Murabaha financing	Amortized cost
Lease liabilities	Amortized cost
Trade and other payables	Amortized cost

Financial assets

Initial recognition and measurement
Financial assets are initially measured at their fair values. The subsequent measurement of financial asset depends on its classification either at amortized cost, at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL). Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Group's business model for managing them. With the exception of Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Financial assets (continued)
principal amount outstanding". This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified into following categories:

Financial assets carried at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest revenue or dividend income, are recognized in profit or loss.
Financial assets atamortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investment at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized 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.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of income. Dividends are recognized as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVTPL:
Financial assets at fair value through the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset;

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Financial assets (continued)

De-recognition

- or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group continuing involvement. In that case, the Group also continues to recognize the associated liabilities. The transferred asset and the associated liabilities are measured on a basis that reflects the rights and liabilities the Group has retained.

Impairment

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on:

- Financial assets that are measured at amortised cost; and
- Contract assets (as defined in IFRS 15).

Receivable balances for which credit risk has not increased significantly since initial recognition are measured at 12-month ECLs (i.e. the risk of default occurring over the expected life of the financial instrument).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group 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 Group’s historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are 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 Group expects to receive). ECLSs are discounted at the effective interest rate of the financial asset.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Impairment (continued)

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost. 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 borrower or issuer;
– a breach of contract such as a default or being more than 720 days past due;
– it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of the active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial Liabilities
Initial recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans or borrowings, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans, other payables and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.
Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (long-term payables and lease liabilities).

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities identified upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading when they are acquired for the purpose of repurchasing in the near future. This category also includes derivative financial instruments used by the Group that are designated as hedging instruments in hedge relationships as defined by IFRS 9 (Financial Instruments). Separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not determined any financial obligation at fair value through profit or loss.

Financial liabilities at amortized cost
This category is relevant to the Group. After initial recognition, liabilities and interest-bearing loans, and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through EIR amortization process.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss. This category applies to all interest-bearing loans.

De-recognition
A financial liability is derecognized when it is fulfilled, cancelled or expires. When an existing financial liability is replaced by another from the same lender on entirely different terms, or substantially the terms of an existing liability, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

5.6 Cash and cash equivalents
Cash and cash equivalents shown in the consolidated statement of financial position include cash at banks, cash on hand and short-term deposits with an original maturity of three months or less and are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include of cash on hand and short-term deposits, as defined above, less bank overdrafts, if any as they are considered as an integral part of the Group's cash management.

5.7 Dividends Payable
The Group recognizes a liability to make cash or non-cash distributions to the shareholders when the distribution is approved and the distribution is no longer at the discretion of the Group.

5.8 Provisions

General
Provisions are recognized when the Group has a legal present or expected obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income net of any reimbursement.

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

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.9 Assets held for sale

The Group classifies current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

The criteria for classification of assets held for sale are met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be cancelled. The Management must be committed to the plan to sell the asset and which is expected take place within one year from the date of the classification.

5.10 Inventories

Inventories are measured at the lower of cost or net realizable value, with appropriate provisions for any obsolete or slow moving items. Cost is determined using the weighted-average method.

Cost includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

5.11 Property, plant and equipment, buses and trucks

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. This cost includes the cost of replacing part of property, plant and equipment and borrowing costs relating to long-term construction projects if the recognition criteria are met. If replacement of important parts of plant and equipment is required in stages, the Group depreciate these parts separately over their useful lives. In contrast, when a major test is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if its recognition criteria are met. All other repairs and maintenance costs are recognized in the consolidated statement of profit or loss when incurred.

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

Asset categories	Estimated lives
Buildings and building improvements	3 – 33 years
Buses, trucks and trailers	6 – 12 years
Machine and equipment	2 - 20 years
Furniture and fixtures	3 - 10 years
Motor Vehicles	3 - 6 years

Depreciation is not calculated on lands.

An item of property, plant and equipment, buses, trucks and any significant part that is initially recognized on derecognition or where there are no future benefits expected from use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income in the year the asset is derecognized

The residual values, useful lives and methods of depreciation of property, plant and equipment, buses and trucks are reviewed at each financial year end and adjusted prospectively, if appropriate.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.11 Property, plant and equipment, buses and trucks (continued)

Projects under construction are stated at incurred cost until the assets are prepared for its intended purpose. Then, such cost is capitalized on the relevant assets. This includes the cost of contractors, materials, services and capital advances.

5.12 Leases

The Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

5.12.1 Group as a lessee

The Group applies a single recognition and measurement model for all leases, except for short-term leases and leases of low-value assets. The Group recognizes a lease liability to make lease payments and right-of-use assets represents the right to use the right-of-use assets.

a) Right-of-use assets

The Group recognizes right-of-use assets at the lease commencement date (i.e., the date of availability of right-of-use asset). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid against residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease terms give the Group right to terminate the lease. Variable lease payments that depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition of payment occurs.

5.12.2 Group as a lessor

Leases in which substantially all the risk and rewards of ownership are transferred to the Group are classified as operating lease. The arising rental income is calculated on a straight-line basis over the term of the lease and recognized under income in the consolidated statement of profit or loss due to its operating nature. Initial direct costs resulting from negotiating and arranging an operating lease are charged to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rental income are included as revenue in the period in which they are earned.

5.13 Investment properties

Investments held to earn rentals or capital appreciation are classified as investment properties. Investment properties are measured initially at cost including transaction costs less any accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives. Depreciation is not calculated on lands.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.13 Investment properties (Continued)

Investment properties are derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefits is expected from it. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investments property, the Group accounts for this property in accordance with the policy stated under Property, plant and equipment up to the date of change in use.

5.14 Intangible assets

On initial recognition, intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is charged to consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expenses of intangible assets with finite lives are included in the consolidated statement of income as an expense and in line with the function of intangible assets.

Intangible assets with indefinite useful lives are not amortized but are tested annually for impairment either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to ensure that the assessment made for the indefinite useful life is still supported, otherwise the change from "indefinite useful life" to "definite useful life" is made prospectively.

Gain or losses arising on de-recognition of intangible assets are measured as a difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Software

Computer software are recognized at cost less accumulated amortization and accumulated impairment losses. Historical cost comprises all costs attributable directly to the acquisition of the items.

Research and development

Expenditure on research activities is recogonised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recogonised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment loss.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.14 Intangible assets (continued)

Amortization is charged to consolidated statement of income using the straight-line method in order to allocate the costs over the respective assets less the residual value over their estimated useful lives, as following:

Computer software 3 - 10 years
DMS application system 5 years

5.15 Foreign currencies

Foreign currency translation
Transactions in foreign currencies are translated into the respective functional currencies of Group companies 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 assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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 recognised in profit or loss.

Foreign operations
Foreign operations are translated into Saudi Riyal (SAR) at the relevant exchange rates. The income and expenses of foreign operations are translated into SAR at the average exchange rates for the relevant period.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

5.16 Employee benefits

The Group has defined contribution plan with General Organisation for Social Insurance ("GOSI") where the Group and the employees contribute fixed percentage of their salary towards the retirement of its employees. The Group implements defined benefit plans under the Saudi Arabian Labor Law applicable based on employees' accumulated periods of service at the date of the consolidated statement of financial position.

The cost of providing the benefits under the identified benefits programs separately for each program using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding deduction or entry to retained earnings through OCI in the year end in which they occur. Re-measurement is not reclassified to profit or loss in subsequent periods

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.16 Employee benefits (Continued)

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

- the date of the plan amendment or curtailment.
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net benefits obligations or assets. The Group recognizes the following changes in the net defined benefit obligation under "cost of revenue and administrative expenses" in the consolidated statement of income:

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

5.17 Finance costs

General and specific loan costs and Murabaha financing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized over the period of time required to complete and prepare the asset for use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the year in which they are incurred in the consolidated statement of income.

5.18 Zakat and income tax

Zakat

The Group are subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat provision is calculated according to the consolidated Zakat base of the Group and its directly or indirectly wholly owned subsidiaries. Any differences between the provision and the final assessment are recorded when the final assessment is approved. Provision for zakat is charged to consolidated statement of profit or loss.

Income tax

Non-Saudi partner of the subsidiary is subject to corporate income tax in the Kingdom of Saudi Arabia based on his share of the results, which is included as an expense in the consolidated statement of income.

Deferred tax is calculated using the liability method on temporary differences between the tax bases and liabilities and their carrying amounts for the consolidated financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except for:

- Where the deferred tax liabilities arise from the initial recognition of goodwill or of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable income or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.18 Zakat and income tax (continued)

Income tax (continued)

Deferred tax assets are recognized on all deductible temporary differences, carry forward of unused taxes and unused tax losses only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

– When the deferred tax assets relating to the deductible temporary difference arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income.
– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it is likely to result in future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax regulations) that have been issued and effective on the date of the consolidated financial statements preparation. Deferred tax relating to items recognized outside the consolidated statement of income is included. Deferred tax items related to a transaction are recognized either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

<u>Deferred tax</u>

The assessment of deferred tax assets and liabilities is based on management judgment. Deferred tax assets are only recognized if they can be utilized. Whether or not they can be used depends on whether the carry forward tax losses can be offset against future taxable profits. In order to assess the probability of their use future use, estimates are made of various factors such as future operating results etc. If actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets.

Additional Zakat liability, if any, related to prior years' assessments by ZATCA is accounted for in the year in which the assessments are finalized.

Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of value added tax (VAT) recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.18 Zakat and income tax (continued)

Withholding Tax

The Group withholds taxes on some transactions with non-resident parties in the Kingdom of Saudi Arabia in accordance with the income tax law in force in the Kingdom of Saudi Arabia.

5.19 Earnings per share

Basic and diluted earnings per share is calculated by dividing:

– the profit attributable to the shareholders of the Group;
– By the weighted average number of ordinary shares outstanding during the financial period.

The Group has not issued any potential ordinary shares; therefore, the basic and diluted earnings per share are the same.

5.20 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does generate cash inflows into the Group that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In the context of assessing value in use, the estimated future cash flows are discounted to arrive at their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks of the asset. In the context of determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, a valuation model appropriate for this purpose is used.

Impairment losses of continuing operations are included in the consolidated statement of income or in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, the Group assesses at each reporting date to determine the extent to which previously recognized impairment losses continue to exist or have decreased. If any such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed, except for impairment losses relating to goodwill, 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 have been previously determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is included in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as an increase in the revaluation.

5.21 Finance income

Finance income is recognized using effective commission rate method which represents the rate under which the estimated future cash receipts are discounted over the expected life of a financial instrument (or a shorter period, whichever is more appropriate, for the net book value of the financial asset. Commission income is included in finance income in the consolidated statement of profit or loss.

5.22 Dividends receivable

Dividends are recognized when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividends.

6. OPERATING SEGMENTS

For management purposes, the Group is organized into business units based on their operations and has the following reportable segments:

– Passenger Transport - It includes scheduled transport services, representing passenger transport services inside and outside the Kingdom of Saudi Arabia, including government contract revenue as well as international transport services. It also includes the cargo operations. This is considered one of largest segments of the Group.

– Specialized Services - It includes transport services agreements entered into by the Group with third parties, whether government or non-government parties, inside or outside the Kingdom of Saudi Arabia. It also includes Limo services.
– Revenues from the concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh - It includes the financial results of the Public Transportation Company, which is engaged in execution of King Abdul-Aziz Project for Public Transport in Riyadh, as stated in Note 1.
– Head Office - It includes the headquarter of the Company, and financial information about support unit activities.
– Digital mobility solutions provides technologies based mobility solutions such as on demand services and shared ride services.

These operating segments are identified based on internal reports that the entity regularly reviews for allocating resources to segments and assessing their performance “management method”. The management method is based on how the management organizes the segments within the entity for making operating decisions and assessing performance. The management of SAPTCO, at the end of every reporting period, reviews the above segments for setting quantitative thresholds as well as criteria for presenting the revenues and expenses of each segment.

The activities of the Company and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia.

Inter-segment and inter business units’ revenues are eliminated upon consolidation and reflected in the “adjustments and eliminations” column.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on consolidated statement of profit or loss and is measured consistently with the consolidated statement of profit or loss in the consolidated financial statements.

The Group has no significant customer that contributes 10% or more to the Group's revenues for the year ended 31 December 2022 and 2023 respectively, except for certain government agencies which in aggregate account for over 10% of the Group's revenue.

The Group's revenues are affected by seasons with high operating rates. These seasons are during the period of Hajj, summer vacation, holy month of Ramadan and public holidays. The financial information included for these segments is as follows:

6. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments

For the year ended 31 December 2023	**Passenger transport SR'000**	**Specialized services SR'000**	**Head office SR'000**	**Digital mobility solutions SR'000**	**Concession for the King Abdul-Aziz Project for Public Transport in Riyadh SR'000**	**Total segments SR'000**	**Adjustments and eliminations SR'000**	**Total SR'000**
Total revenue (Note 31)	**546,882**	**458,620**	**-**	**27,176**	**546,625**	**1,579,303**	**(9,647)**	**1,569,656**
Cost of revenue (Note 32)	**(420,571)**	**(497,876)**	**-**	**(64,642)**	**(405,374)**	**(1,388,463)**	**89,532**	**(1,298,931)**
Gross (loss) / profit	**126,311**	**(39,256)**	**-**	**(37,466)**	**141,251**	**190,840**	**79,885**	**270,725**
Impairment on assets held for sale and intangible assets	**17,309**	**-**	**-**	**6,577**	**-**	**23,886**	**-**	**23,886**
Loss before zakat and income tax	**56,094**	**(112,839)**	**29,028**	**(67,764)**	**84,634**	**(10,847)**	**(874)**	**(11,721)**

For the year ended 31 December 2022	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Digital mobility solutions SR'000	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Total SR'000
Total revenue (Note 31)	630,923	333,117	-	24,570	333,163	1,321,773	(2,306)	1,319,467
Cost of revenue (Note 32)	(405,717)	(386,086)	-	(80,585)	(291,258)	(1,163,646)	20,262	(1,143,384)
Gross (loss) / profit	225,206	(52,969)	-	(56,015)	41,905	158,127	17,956	176,083
Impairment of tangible and intangible assets	47,782	-	-	8,193	-	55,975	-	55,975
Loss before zakat and income tax	135,604	(105,718)	(115,508)	(86,452)	(25,133)	(197,207)	106,701	(90,507)

6. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

As at 31 December 2023	**Passenger transport SR'000**	**Specialized services SR'000**	**Head office SR'000**	**Digital mobility solutions SR'000**	**Concession for the King Abdul-Aziz Project for Public Transport in Riyadh SR'000**	**Total segments SR'000**	**Adjustments and eliminations SR'000**	**Total SR'000**
Total assets	**502,030**	**1,140,398**	**695,827**	**50,399**	**1,847,318**	**4,235,972**	**(199,755)**	**4,036,217**
Total liabilities	**392,037**	**713,215**	**308,553**	**216,104**	**1,823,031**	**3,452,940**	**(338,413)**	**3,114,527**
Other disclosures:								
Property, plant and equipment, buses and trucks	**198,944**	**838,565**	**98,202**	**4,035**	**9,711**	**1,149,457**	**-**	**1,149,457**
Equity accounting investees	**-**	**-**	**30,274**	**-**	**-**	**30,274**	**-**	**30,274**

As at 31 December 2022	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Digital mobility solutions SR'000	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Total SR'000
Total assets	474,846	852,059	695,996	94,686	2,685,259	4,802,846	(128,778)	4,674,068
Total liabilities	252,589	493,751	331,475	192,623	2,741,218	4,011,656	(277,257)	3,734,399
Other disclosures:								
Property, plant and equipment, buses and trucks	229,633	586,249	90,588	4,187	8,647	919,304	-	919,304
Equity accounting investees	-	-	46,723	-	-	46,723	-	46,723

7. PROPERTY, PLANT AND EQUIPMENT, BUSES AND TRUCK, net

	Land SR'000	Buildings SR'000	Buses, trucks and trailers SR'000	Furniture & Fixture SR'000	Motor vehicles SR'000	Machines and equipment SR'000	Total SR'000
Cost							
Balance as at 1 January 2022	90,264	552,749	1,664,469	22,045	73,456	108,701	2,511,684
Additions during the year	-	5,318	147,594	751	787	7,469	161,919
Transfers from intangible assets (CWIP)	-	-	-	-	-	117	117
Transfer from assets held for sale (note 35)	-	-	3,498	-	-	-	3,498
Balance as at 31 December 2022	90,264	558,067	1,815,561	22,796	74,243	116,287	2,677,218
Additions during the year	-	1,621	400,367	3,016	5,403	19,196	429,603
Disposal during the year	-	-	(16,095)	(779)	(11,169)	-	(28,043)
Transfers from projects in progress	-	1,087	(622)	-	622	-	1,087
Transfer to assets held for sale (note 35)	-	-	(760,442)	-	-	-	(760,442)
Balance as at 31 December 2023	**90,264**	**560,775**	**1,438,769**	**25,033**	**69,099**	**135,483**	**2,319,423**
Accumulated depreciation and impairment							
Balance as at 1 January 2022	-	418,913	1,016,940	16,391	56,422	79,286	1,587,952
Depreciation during the year	-	9,998	123,783	1,362	5,764	7,551	148,458
Transfer to assets held for sale (note 35)	-	-	3,174	-	-	-	3,174
Impairment provision	-	-	47,782	-	-	-	47,782
Balance as at 31 December 2022	-	428,911	1,191,679	17,753	62,186	86,837	1,787,366
Depreciation during the year	-	9,865	144,905	1,542	5,823	8,387	170,522
Transfer to assets held for sale (note 35)	-	-	(703,833)	- -	-	-	(703,833)
Disposal during the year	-	-	(15,474)	(703)	(11,071)	-	(27,248)
Balance as at 31 December 2023	**-**	**438,776**	**617,277**	**18,592**	**56,938**	**95,224**	**1,226,807**
Net book value							
As at 31 December 2023	**90,264**	**121,999**	**821,492**	**6,441**	**12,161**	**40,259**	**1,092,616**
As at 31 December 2022	90,264	129,156	623,882	5,043	12,057	29,445	889,847

7. PROPERTY, PLANT AND EQUIPMENT, BUSES AND TRUCKS, NET (CONTINUED)

		31 December 2023 SR'000	31 December 2022 SR'000
Property, plant and equipment, buses and trucks		**1,092,616**	889,847
Projects in progress	(7.2)	**56,841**	29,457
		1,149,457	919,304

7.1 Impairment test of buses and trucks

Management performs impairment assessment of buses and trucks and associated assets to identify that any impairment may exist at the end of the financial year. During the year ended 31 December 2023, management tested the buses and trucks and associated assets to determine whether impairment exists or not. Based on assessment of management, the recoverable amount of the assets subject to impairment exceeded the carrying value of the related assets therefore, no impairment was recorded during the year 2023 (2022: SR 47.8 million)

7.2 Projects and buses under progress/ preparation

Projects and buses under progress include advances to suppliers for the construction and development of buildings, furniture and buses.

Movement in projects under progress during the year is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
At the beginning of the year	**29,457**	16,627
Additions during the year	**28,471**	12,830
Transfers during the year	**(1,087)**	-
At the end of the year	**56,841**	29,457

The company expects to complete the projects in progress during the year ended on 31 December 2024.

8. INVESTMENT PROPERTIES

Investment properties of the Group comprise of lands in the Kingdom of Saudi Arabia amounting to SR 307 million as at 31 December 2023 and 31 December 2022. The Group intends to hold these lands for the purposes of appreciation in value. Such lands are carried at cost less impairment, if any.

The fair value of investment properties have been determined by external and independent property valuators. The lands were assessed by "Indicator for real estate Valuation Company", license number (1210001175) at the Saudi Authority for Accredited Valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers determine the fair value of the Group's investment properties portfolio on an annual basis or upon request by the management. The recent fair valuation was performed as at 31 December 2023, and the fair value determined at SR 444.7 million (2022: SR 442.6 million).

The above-mentioned investment properties are measured at fair value using the market approach, which is a valuation technique that uses pricing and other relevant information generated by market transactions including similar or comparable assets and adjusted to reflect differences in

8. INVESTMENT PROPERTIES (CONTINUED)

size, location, frontage/visibility, view, and utilization, and are classified under Level 2 using other observable inputs.

The Group has no restrictions on the sale of its investment properties and no contractual obligations to purchase, construct or develop investment properties or liabilities for repairs, maintenance, and enhancements.

9. INTANGIBLE ASSETS, NET

	31 December 2023 SR'000	31 December 2022 SR'000
Software, applications and licenses (a)	**39,890**	46,616
Other intangible assets (b)	**584,767**	584,767
	624,657	631,383

a) Software, applications and licenses

	SR'000
Cost	
Balance as at 1 January 2022	94,741
Additions	26,975
Transferred from projects under progress	(117)
Balance as at 31 December 2022	121,599
Additions	10,641
Balance as at 31 December 2023	**132,240**
Accumulated amortization	
Balance as at 1 January 2022	58,602
Additions	8,188
Impairment charges	8,193
Balance as at 31 December 2022	74,983
Additions	**10,790**
Impairment charges	**6,577**
Balance as at 31 December 2023	**92,350**
Net book value	
As at 31 December 2023	**39,890**
As at 31 December 2022	46,616

During 2023, the management has recognised an impairment loss of an intangible asset amounting to 6.6 million (31 December 2022: SR 8.2 million).

b) Other intangible assets

Intangible assets represent the PTC's right in the residual value of the project's buses and depots of Riyadh Public Transport Project after the completion of the project. Under the project's contract, the grantor has an option to purchase these buses and depots at their residual value. If this option is not exercised, PTC has the right to retain these buses and depots.

9. INTANGIBLE ASSETS, NET (CONTINUED)

b) Other intangible assets (continued)

Modification to public transport project contract
During March 2022, Royal Commission for Riyadh City ("the Grantor") and the Company have agreed certain amendments, through a variation order ("Variation Order 3"), in the King Abdulaziz Project for Public Transport in Riyadh ("the Project"), which has resulted in a change in the costs and margins of few performance obligations. Subsequent to the period end, on 7 April 2022 the Company has received the signed Variation Order 3 by the Grantor, with an effective date of 17 March 2022.

Accordingly, necessary adjustments have been reflected in the comparative financial statements, mainly:

a) Decrease in the intangible assets for the Grantor's option to buy the buses with an amount of SR 111 million and increase in the intangible assets for the Grantor's option to buy the depots and head office building with an amount of SR 80 million;
b) Decrease in the Depots Construction revenue and cost with an amount of SR 80.8 million and SR 79.3 million, respectively;
c) Increase in the Bus Procurement revenue and cost with an amount of SR 111 million; and
d) Change in profit margin in performance obligation for Bus Operations

10. RIGHT-OF-USE ASSETS, NET

The Group has leases for buildings (office premises, workshops, and sites) and Cars. The lease terms range from 2 to 10 years. The Group depreciates these contracts over the lease term on a straight-line basis. The Group also has some leases for residential buildings of 12 months or less and low-value leases. The Group applies for an exemption from recognition for these short-term leases and leases of low-value assets. The Group has recognized a rental expense for these contracts of SR 16 million for the year ended 31 December 2023 (31 December 2022: SR 20 million).

	SR'000
Cost	
Balance as at 1 January 2022	57,994
Additions	56,016
Balance as at 31 December 2022	114,010
Additions	1,547
Disposal during the year	(27,637)
Balance as at 31 December 2023	87,920
Accumulated depreciation	
Balance as at 1 January 2022	14,141
Charge for the year	18,478
Balance as at 31 December 2022	32,619
Charge for the year	15,330
Balance as at 31 December 2023	**47,949**
Net book value	
As at 31 December 2023	**39,971**
As at 31 December 2022	81,391

11. EQUITY ACCOUNTED INVESTEES

	31 December 2023 SR'000	31 December 2022 SR'000
Share in joint venture (SEITCO) (a)	**30,274**	46,723
Share in an associate (CAMCO) (b)	**(6,469)**	(4,800)
Share in an associate (Saudi Bahraini Transport Company) (c)	**-**	-

(a) Movement of investment in joint venture (SEITCO) during the year was as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**46,723**	66,993
Share of losses	**(26,694)**	(20,655)
Share in comprehensive income	**345**	385
Discounting impact of loan	**9,900**	-
Balance at the end of the year	**30,274**	46,723

The investment balance in joint venture is as follows:

Saudi Emirates Integrated Transport Company (SEITCO) is a joint venture in which the Group has joint control and a 50% ownership interest. SEITCO is engaged in providing school transport services, owning vehicles including buses, managing companies' vehicle fleet and providing transport by vehicles. SEITCO started its activities during the third quarter of 2014. In accordance with SEITCO's articles of association, the Group and the other investor in the joint venture have agreed to distribute dividends, net of the statutory reserve in accordance with their capital structure, which is currently 50% of each, respectively.

The Group's share in SEITCO is accounted for under the equity method in these consolidated financial statements based on SEITCO's financial statements.

The following table summarizes SEITCO's financial information:

Statement of balance sheet	**31 December 2023** SR'000	31 December 2022 SR'000
Assets		
Current assets	**105,907**	95,717
Non-current assets	**201,785**	234,827
Total assets	**307,692**	330,544
Liabilities		
Current liabilities	**125,927**	133,639
Non-current liabilities	**121,218**	104,025
Total liabilities	**247,145**	237,664

11. EQUITY ACCOUNT INVESTEES (CONTINUED)

Continuation to the table of SEITCO's financial information:

Statement of Income	**31 December 2023 SR'000**	31 December 2022 SR'000
Revenues	**214,300**	188,536
Cost of revenue	**(249,245)**	(213,779)
Total losses	**(34,945)**	(25,243)
General and administrative expenses	**(13,018)**	(11,832)
Operating losses	**(44,757)**	**(35,033)**
Loss after Zakat	**(53,389)**	(41,310)

No dividends were distributed by SEITCO during the years ended 31 December 2023 and 31 December 2022.

(b) Movement of investment in an associate (CAMCO) is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**(4,800)**	(1,999)
Share of losses for the year	**(1,669)**	(2,801)
Balance at the end of the year	**(6,469)**	(4,800)

On 2 Rabi' I 1439H (corresponding to 20 November 2017), the Saudi Public Transport Company has entered into as a new partner in the Capital Metro Company Limited ("CAMCO") through an acquisition of 3600 new shares issued by CAMCO amounting to SR 3,600 thousand which represents 20% of the company's capital. The contribution to the Company's capital was made on 24 Rabi' II 1439H (corresponding to 11 January 2018).

CAMCO is an associate which was established in accordance with the Saudi Regulations with a share capital of SR 18 million divided into 18,000 shares of SR 1,000 each. The purpose of the company is construction works and road maintenance. The Group's share in CAMCO is accounted for using equity method. The credit balance of investment in the associate has been classified under current liabilities as provision against loss in the associate under accrued expenses as the Company has guaranteed the obligation of the associate.

The following table summarizes the financial information of CAMCO:

Statement of balance sheet	**31 December 2023 SR'000**	31 December 2022 SR'000
Assets		
Current assets	**605,703**	477,985
Non-current assets	**17,782**	20,137
Total assets	**623,485**	498,122
Liabilities		
Current liabilities	**448,917**	257,029
Non-current liabilities	**203,792**	261,563
Total liabilities	**652,709**	518,592

11. EQUITY ACCOUNTED INVESTEES (CONTINUED)

Continuation to the table of CAMCO's financial information

	31 December 2023	31 December 2022
Statement of Income	**SR'000**	SR'000
Revenues	**322,042**	182,355
Cost of revenue	**(292,731)**	(168,146)
Gross profit	**29,311**	14,209
Total other costs	**(37,656)**	(28,214)
Net losses before Zakat	**(8,345)**	(14,005)

(c) The balance of the investment in an associate (Saudi Bahraini Transport Company) is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Investment in associate (Saudi Bahraini Transport Company)	**7,459**	7,459
Less: impairment of investment	**(7,459)**	(7,459)
	-	-

The Group has 40% share in Saudi Bahraini Transport Company, a limited liability company registered in the Kingdom of Saudi Arabia. Group's share in associate is accounted for using the equity method in the consolidated financial statements. The audited financial statements of the associate have not been issued from 2014 to 2023 until the date of the consolidated financial statements. On 31 December 2015, the partners' extraordinary general assembly in Saudi Bahraini Transport Company decided to dissolve and liquidate the company and appoint a liquidator to liquidate it. Accordingly, the entire value of the investment has been reduced as the Group is unable to determine the recoverable amount of such investment. The Group does not expect that no provision would be made as a result of liabilities on Saudi Bahraini Transport Company.

12. UNBILLED RECEIVABLES

The unbilled receivables balance has been presented as follows in the consolidated statement of financial position:

	31 December 2023 SR'000	31 December 2022 SR'000
Unbilled receivable	**848,762**	1,278,217
	848,762	1,278,217

Movement summary unbilled receivable is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at the beginning of the year	**1,278,217**	2,062,976
Revenue recognized during the year	**546,625**	333,163
Revenue billed during the year	**(976,080)**	(1,117,922)
Balance at the end of the year	**848,762**	1,278,217

12. UNBILLED RECEIVABLES (CONTINUED)

The unbilled receivables represent the revenue recogonised and has not been billed yet. The Public Transport Company (PTC) will bill the customer as per the agreed billing schedule. The current unbilled receivable represents the amounts due to be billed within the next 12 months.

As per the payment schedule, during the period, the Company has received an amount of SAR 814 million (31 December 2022: SAR 1,062 million) from RCRC.

13. INVENTORIES, NET

	31 December 2023 SR'000	31 December 2022 SR'000
Spare parts inventory	**76,264**	74,111
Less: provision for inventory	**(48,445)**	(48,698)
	27,819	25,413

An analysis of the Movement in provision for slow moving inventory for the year ended is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**(48,698)**	(46,076)
Reversal / (charged) during the year (Note 32)	**253**	(2,622)
Balance at the end of the year	**(48,445)**	(48,698)

14. TRADE RECEIVABLES, NET

	31 December 2023 SR '000	31 December 2022 SR'000
Trade receivables:		
Government and semi-government institutions	**338,649**	200,689
Private sector	**67,175**	88,725
Total trade receivables	**405,824**	289,414
Less: Impairment loss on trade receivables	**(62,042)**	(64,516)
Trade receivables, net	**343,782**	224,898

Group's receivables do not usually carry any commission and are collected primarily within 90 days. On 31 December 2023, the impaired trade receivables amounted to SR 62 million (31 December 2022: SR 64.5 million).

The movement of Impairment loss on trade receivables:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**(64,516)**	(49,010)
Charge for the year	**(14,272)**	(16,000)
Amounts written off during the year	**16,746**	494
Balance at the end of the year	**(62,042)**	(64,516)

15. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2023 SR'000	31 December 2022 SR'000
Value Added Tax	**29,624**	12,032
Advances to suppliers	**11,017**	13,550
Prepaid rent	**4,573**	2,329
Other receivables	**35,938**	27,577
	81,152	55,488
Less: Impairment loss on other current assets	**(4,571)**	(5,105)
	76,581	50,383

The movement of impairment loss on other current assets:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**(5,105)**	(5,271)
Reversal for the year	**534**	166
Balance at the end of the year	**(4,571)**	(5,105)

16. OTHER INVESTMENTS, INCLUDING DERIVATIVES

	31 December 2023 SR'000	31 December 2022 SR'000
financial assets at fair value through profit or loss	**9,125**	7,523
Derivative financial asset – interest rate SWAP	**4,752**	-
	13,877	7,523

a) financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market**.** Movement in fair values of investment through profit and loss

	31 December 2023 SR'000	31 December 2022 SR'000
At the beginning of the year	**7,523**	-
Addition	**588**	9,244
Disposal	**-**	(381)
Movements due to changes in fair value	**1,014**	(1,340)
At the end of the year	**9,125**	7,523

b) Derivative financial asset – interest rate SWAP

As at 31 December 2023, the Company had two profit rate swap agreements in place with a local bank with a notional amount of SR 195.9 million and SR 159.9 million respectively (31 December 2022: Nil) whereby the Company pays fixed profit rate of around 5.75% and 6.38% respectively and receives floating profit rate equal to 1 months SAIBOR plus 1% on the notional amount. These profit rate swaps are classified as derivative instruments and not designated as hedging instruments, but are, nevertheless, intended to reduce the level of interest rate risk for expected interest payment on interest-bearing long- term loans. The carrying amount and change in fair value gain of the derivative asset was SR 4,752K as at 31 December 2023 (2022: Nil). The change in fair value gain was recognized in statement of profit and loss as part of the finance income during the year ended 31 December 2023(31 December 2022: Nil).

17. CASH AND CASH EQUIVALENTS

	31 December 2023 SR'000	31 December 2022 SR'000
Cash on hand	**711**	1,528
Cash at bank	**330,862**	874,996
Short-term deposits	**102,675**	115,335
	434,248	991,859

18. SHARE CAPITAL

As at 31 December 2023, the fully paid-up share capital of the Company is SR 1,250 million (31 December 2022: SR 1,250 million) divided into 125 million shares (31 December 2022: 125 million shares) of SR 10 each.

19. STATUTORY RESERVE

In accordance with the Company's By-laws, the Group is required to set aside 10% of its net income for the year as statutory reserve and the Ordinary General Assembly may discontinue when said reserve totals 30% of the capital. This reserve is not available for distributions.

20. CONSENSUAL RESERVE

In accordance with the Company's by-law, the Ordinary General Assembly may, based on a proposal of the Board of Directors, set aside a percentage of 5% of the Group's net income to form a consensual reserve and allocate it for a specific purpose(s).

21. MURABAHA FINANCING

The Group has entered into Murabaha arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2017 to 2023 and have a maturity of three to five years from the date of the Murabaha financing agreement and are secured by promissory notes bearing prevailing commission rates ranging between 1%-2% plus SIBOR, however, in order to cover the uncertainties associated with the SAIBOR, The Group entered into a profit rate swap agreement as detailed in Note 16(b) (2022: Nil). The Group has obtained these loans in order to finance the procurement of buses.

a) During 2019, PTC entered into an agreement with a local bank for long-term Murabaha facilities amounting to SAR 200 million with a maturity of five years due in quarterly payments of SAR 10 million. The facilities have been fully withdrawn. The first payment was started in the third quarter of 2020. During 2023, the PTC has repaid SAR 40 million. The remaining principal as of 31 Dec 2023 is SAR 60 million. The facility is subject to SAIBOR plus 1.25%.

b) During 2021, PTC signed an extension agreement with a local bank related to long-term Murabaha facilities of SAR 800 million and SAR 150 million (original agreement dated 20 May 2018) for a revised facility amount of SAR 1,150 million and withdrew an additional amount of SAR 200 million during the year 2021. The facility is fully utilized. This loan has been rescheduled with a maturity period of nine years due in quarterly repayments starting from the first quarter of 2023. Accordingly, the PTC has repaid SAR 200 million. Further, during 2023, PTC has additionally repaid SAR 400 million which has resulted into a reduction of quarterly instalment to SAR 25 million from SAR 75 million. The remaining outstanding balance is SAR 522 million as of 31 December 2023. The facility is subject to SAIBOR plus 1.5%.

21. MURABAHA FINANCING (CONTINUED)

c) During 2022, PTC obtained a short-term loan of SAR 27.5 million out of the total facility of SAR 28 million as a part from the mentioned facility as per para (b) above. During the year ended 31 December 2023, PTC has repaid the short-term loan of SAR 27.5 million. The remaining SAR 0.5 million is already availed against credit cards.

Short-term Murabaha financing
During current year, the Group obtained short-term bank facilities from local banks amounted to SR 300 million in the form of Murabaha to finance operating activities. These financing are repayable within 3 months from the date of drawdown and are renewable for another 3 months at the end of each maturity date.

Murabaha financing, including short term financing.
The Group has availed a total of SR 1,296 Murabaha financing, including short term financing, from various local bank as at 31 December 2023 (31 December 2022: SR 1,632 million).

Murabaha and long-term financing are as follows:

	Currency of the loan	Maturity date	Credit limit	31 December 2023 SR'000	31 December 2022 SR'000
Local Bank 1	SR	2028	**1,490,000**	**672,000**	1,249,500
Local Bank 4	SR	2023	**136,598**	**-**	12,499
Local Bank 5	SR	2024	**83,000**	**9,721**	26,303
Local Bank 4	SR	2023	**61,500**	**-**	1,128
Local Bank 2	SR	2027	**250,000**	**108,314**	135,771
Local Bank 4	SR	2025	**101,000**	**35,180**	55,475
Local Bank 6	SR	2028	**195,950**	**170,181**	-
Local Bank 6	SR	2028	**159,850**	**149,035**	-
Total value				**1,144,431**	1,480,676
Less: Current portion of long-term Murabaha				**(289,677)**	(445,300)
Non-current portion of long-term Murabaha				**854,754**	1,035,376

The short-term current Murabaha financing and current portion of long-term Murabaha are as follows:

	Currency of the loan	Credit limit	31 December 2023 SR'000	31 December 2022 SR'000
Bank 1 - Current balance of long-term Murabaha	SR	**1,490,000**	**158,000**	367,500
Bank 4 - Current balance of long-term Murabaha	SR	**136,598**	**-**	12,490
Bank 5 - Current balance of long-term Murabaha	SR	**83,000**	**9,721**	16,600
Bank 4 - Current balance of long-term Murabaha	SR	**61,500**	**-**	1,127
Bank 4 - Current balance of long-term Murabaha	SR	**101,000**	**20,950**	20,357
Bank 2 - Current balance of long-term Murabaha	SR	**250,000**	**29,091**	27,594
Bank 6 - Current balance of long-term Murabaha	SR	**195,950**	**39,341**	-
Bank 6 - Current balance of long-term Murabaha	SR	**159,850**	**32,574**	-
Short-term Murabaha financing from local banks	SR	**300,000**	**151,846**	150,838
Total value			**441,523**	596,506
Net change in deferred interests costs			**-**	(368)
Total short-term Murabaha financing and current portion of long-term Murabaha			**441,523**	596,138

21. MURABAHA FINANCING (CONTINUED)

A summary of the Murabaha transaction is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**1,631,514**	1,556,704
Proceeds during the year	**895,800**	1,021,136
Re-payments during the year	**(1,231,037)**	(946,326)
Balance at the end of the year	**1,296,277**	1,631,514

The balance of Murabaha was presented in the consolidated statement of financial position as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Short-term Murabaha financing	**151,846**	150,838
Current portion of Murabaha financing and short-term financing	**289,677**	445,300
Non-current portion recognized under non-current liabilities	**854,754**	1,035,376
	1,296,277	1,631,514

22. ADVANCE FROM A CUSTOMER

The advance from customer has three advance payments received and represents 20% of the total contract value.

During 2020, the Public Transport Company (PTC) received the third advance payment for executing King Abdulaziz Project for public transport in Riyadh amounting to SAR 549 million (2019: second advance payment of SAR 549 million, 2015: first advance payment of SAR 471 million).

	31 December 2023 SR'000	31 December 2022 SR'000
Current portion	**225,290**	241,053
Non-current portion	**897,857**	1,053,531
	1,123,147	1,294,584

23. EMPLOYEES' BENEFITS LIABILITIES

	31 December 2023 SR'000	31 December 2022 SR'000
Opening balance - present value of the defined benefit obligation	**175,337**	156,750
Current service cost	**23,221**	21,023
Commission cost	**5,931**	3,715
Benefits paid	**(50,578)**	(20,023)
Re-measurement of defined benefits obligations	**(4,353)**	13,872
Curtailment gains -net	**(4,415)**	-
Closing balance - present value of the defined benefit obligation	**145,143**	175,337

Employees' benefits liabilities

	31 December 2023 SR'000	31 December 2022 SR'000
Current service cost	**23,221**	21,023
Commission cost on benefit liability	**5,931**	3,715
Curtailment gains -net	**(4,415)**	-
Total employee benefit liabilities recognized in profit or loss	**24,737**	24,738

Curtailment gains reflects the redundancies of employees as a result of end of concession as explained in Note 1.

Gains on revaluation recognized in OCI:

	31 December 2023 SR'000	31 December 2022 SR'000
Gains on revaluation in defined benefit scheme:		
Financial assumptions	**3,481**	8,814
Demographic assumptions	**(8,245)**	(1,468)
experience adjustments	**411**	6,526
Total re-measurement recognized in OCI	**(4,353)**	13,872

The re-measurement (losses) / gains on defined benefit liabilities account appears in the statement of other comprehensive income is the amount of SR 4,698 (2022: 13,487) after adding / deducting the Group's share in the associates.

The weighted average duration of the defined benefit obligation as at 31 December 2023 is 6.77 years (31 December 2022: is 6.86 years). An analysis of the maturity of the undiscounted benefit payments is as follow:

	31 December 2023 SR'000	31 December 2022 SR'000
Within one year	**27,013**	25,047
After one year but not more than five years	**52,281**	61,146
More than five years	**123,656**	159,890
	202,950	246,083

23. EMPLOYEES' BENEFITS LIABILITIES (CONTINUED)

The significant assumptions used in determining the defined benefits obligations are as follows:

Key actuarial assumption	**31 December 2023**	31 December 2022
Financial assumptions:		
- Discount rate - present value of the defined benefit obligation	**4.70%**	4.2%
- Discount rate - expenses in consolidated statement of income	**4.20%**	2.5%
- Future salary increases	**5.50%**	2.5%
- Withdrawal rate	**Moderate**	Moderate
Demographic assumptions:		
- Retirement age	**60 years**	60 years
- Employee turnover rates:		
a. Service up to 6 years	**12%**	12%
b. Service from 7 to 25 years	**9%**	9%
c. Service more than 25 years	**4%**	4%

The mortality rate used is the Group's reinsurance mortality rate. The average rate for the next year is 0.36%.

A quantitative sensitivity analysis for significant assumptions on the employees' benefits are shown below:

	31 December 2023 Impact on defined benefit scheme	31 December 2022 Impact on defined benefit scheme
Discount rate		
Increase by 1%	**9,691**	18,887
Decrease by 1%	**(10,046)**	(2,486)
Future salary increase		
Increase by 1%	**(10,253)**	22,352
Decrease by 1%	**10,056**	(3,171)
Withdrawal rate		
Increase by 1%	**2,552**	2,006
Decrease by 1%	**(1,729)**	(1,209)
Mortality rate		
Increase by 1%	**426**	8,865
Decrease by 1%	**513**	8,884

24. LEASE LIABILITIES

	31 December 2023 SR'000	31 December 2022 SR'000
Balance as at beginning of the year	**83,031**	44,576
Additions during the year	**1,548**	56,016
Disposal during the year	**(27,337)**	-
Paid during the year	**(17,668)**	(20,340)
Annual interest cost	**2,165**	2,779
Balance as at the end of the year	**41,739**	83,031

24. LEASE LIABILITIES (CONTINUED)

	31 December 2023	31 December 2022
Current portion	**11,391**	20,853
Non-current portion	**30,348**	62,178
Total	**41,739**	83,031

Future minimum lease payments	**Future lease payments**	**Interest**	**Present value of the minimum lease payments**
Within one year	**12,948**	**1,560**	**11,388**
Two to five years	**27,453**	**2,899**	**24,554**
Later than five years	**6,250**	**451**	**5,797**
Total	**46,651**	**4,910**	**41,739**

25. CONTRACT LIABILITIES

	31 December 2023 SR'000	31 December 2022 SR'000
Passenger advance revenues	**9,542**	9,932
	9,542	9,932

26. TRADE AND RETENTION PAYABLES

	31 December 2023 SR'000	31 December 2022 SR'000
Trade payables	**53,850**	173,298
Restricted suppliers performance guarantees	**7,872**	7,847
	61,722	181,145

27. RELATED PARTIES

Related parties of the Group comprise of shareholders having control, joint control, or significant influence over the entity, key management personnel and affiliates where shareholders have control, joint control, or significant influence. The transactions with related parties are made on terms approved by the Board of the Directors of the Group. The Group and its related parties transact with each other in the ordinary course of business. The significant transactions and balances between the Group and its related parties are as follows:

27. RELATED PARTIES (CONTINUED)

Related party			**31 December 2023 SR'000**	31 December 2022 SR'000
Saudi Emirates Integrated Transport Company (SEITCO)	Joint Venture	Finance income	**2,295**	1,376
		Share in loss of the joint venture	**(26,694)**	(20,655)
		Sale of buses	**-**	11,136
		Services rendered - net	**11,616**	3,297
Capital Metro Company Ltd (CAMCO)	Associate	Share in loss of the joint venture	**(1,669)**	(2,801)
		Services rendered	**806**	738
RATP Development (French company)	Non-controlling interests of the subsidiary	Services rendered	**8,307**	7,248
RATP Dev Saudi Arabia (LLC)	Non-controlling interests of the subsidiary	Services rendered	**40,499**	45,872

Significant balances resulted from the above transactions the Group and its related parties are as follows:

Related party	**Recognized under**	**31 December 2023 SR'000**	31 December 2022 SR'000
Saudi Emirates Integrated Transport Company	Due from a related party – current portion	**57,422**	59,331
	Due from a related party – non current portion	**39,023**	46,629
Capital Metro Company Ltd (CAMCO)	Due from a related party	**1,545**	738
RATP Development (French company)	Due to related party	**5,634**	8,773
RATP Dev Saudi Arabia (LLC)	Due to related party	**7,618**	13,250
NEX Continental Holdings	Due to related party	**981**	-

The joint venture

* During 2014, the Company has funded the operating activities of Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amounting to SR 30 million. This amount is not subject to any interest and SR 20 million from the value of the loan has been paid up to 2022 and management expects to pay the remaining during 2025, 2026 and 2027. The loan has been recognized at the present value.
In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance operations for the implementation of government school transport contracts. The amount will be recovered upon receiving the accruals of SEITCO. The loan has been recognized at the present value. Management expects to pay the remaining amount during 2025, 2026 and 2027.

During 2019, the Company sold 350 buses amounting to SR33.6 to Saudi Emirates Integrated Transport Company (SEITCO), during the subsequent period January and February 2024 the company collected SR and expects to collect the remaining balance during 2024.

27. RELATED PARTIES (CONTINUED)

The significant transactions between the Group and key management personnel are as follows:

Transactions with key management personnel:

	31 December 2023 SR'000	31 December 2022 SR'000
Board expenses and allowances	**4,913**	4,371
Compensations of the key management personnel (*)	**19,465**	16,163

(*) Compensations of the key management personnel:

	31 December 2023 SR'000	31 December 2022 SR'000
Short-term employees' benefits	**18,744**	15,526
Long-term benefits	**721**	637
	19,465	16,163

Key management personnel compensation includes salaries and employees' defined benefit liabilities.

28. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2023 SR'000	31 December 2022 SR'000
Accrued expenses:	**175,571**	158,172
Employee accruals	**94,350**	90,874
Other payables	**134,300**	64,020
	404,221	313,066

29. ZAKAT AND INCOME TAX

a. Zakat

The Zakat charge for the year amounts to SR 9.4 million (31 December 2022: SR 5.4 million).

Movement in Zakat Provision

The movement in the provision for zakat is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
At the beginning of the year	**23,435**	48,409
Reversal of zakat provision no longer required	**(12,804)**	(24,296)
Zakat provision for the year	**9,443**	5,393
Paid during the year	**(4,522)**	(6,071)
At the end of the year	**15,552**	23,435

Zakat is calculated based on the zakat base of the Company and its subsidiaries separately. The Company submitted zakat declarations until 2022 and obtained the necessary zakat certificates until April 2024.

29. ZAKAT AND INCOME TAX (CONTINUED)

The Zakat, Tax and Customs Authority (the Authority) has issued its final zakat assessments for the company until 2020

The main components of zakat base for Saudi Public Transport Company and its subsidiaries were as follows:

The Company's Zakat base is calculated as follows:

Description	**31 December 2023 SR'000**	31 December 2022 SR'000
Share capital	**1,250,000**	1,258,000
Total adjusted loss	**64,428**	(63,002)
Provisions and reserves carried forward	**226,030**	255,755
Murabaha loans	**1,054,431**	231,176
Others	**673,282**	610,303
Total	**3,268,171**	2,292,232
Less:		
Property, plant and equipment, net	**1,049,625**	917,105
Long term investments	**22,472**	47,168
Inventories of spare parts	**60,444**	61,928
Carried forward losses	**358,611**	233,998
Others	**820,275**	829,270
Zakat base	**374,744**	202,763
Zakat payable	**9,443**	5,393

b. Income tax

Charge for the year

The income tax charge for the year is SR 3,053 thousand (31 December 2022: SR 340 thousand).

Movement of Provision for income tax

The movement in the provision for income tax was as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Balance at beginning of the year	**332**	78
Charged during the year	**3,053**	340
Paid during the year	**(434)**	(86)
Balance at the end of the year	**2,951**	332

The subsidiary filed the Zakat and tax return to the Zakat, Tax and Customs Authority ("ZTCA") up to the year 2022.

No Zakat assessment has yet been made by the ZTCA.

Charged to statement of profit or loss is as follows:

	31 December 2023 SR'000	31 December 2022 SR'000
Zakat charged during the year	**9,443**	5,391
Income tax	**3,053**	340
Deferred tax payable from subsidiary	**(40)**	116
	12,456	5,847

29. ZAKAT AND INCOME TAX (CONTINUED)

c. Deferred tax assets

Deferred tax asset is recognized in respect of following

Deductible temporary differences	**31 December 2023 SR'000**	31 December 2022 SR'000
Employee benefits	**11,387**	8,450
Tax depreciation	**(2,807)**	(6,558)
	8,580	1,892
Foreign Shareholding – 20%		
Accumulated losses	**1,716**	1,906
Total deductible differences	**343**	**302**

Deferred tax movement	**31 December 2023 SR'000**	31 December 2022 SR'000
Balance at beginning of the year	**302**	418
Deferred tax credit / (expense)	**41**	(116)
	343	302

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent liabilities

As at 31 December 2023, the Group's bankers have issued on its behalf during the normal course of business guarantees, acceptances and documentary credit with a maximum of SR 3,117 million (31 December 2022: SR 2,326 million). These include performance guarantees given on behalf of subsidiaries.

b. Capital commitments.

As at 31 December 2023, the Group had commitment of SR 54.7 million (31 December 2022: Nil) relating to the procurement of buses.

31. REVENUES

	31 December 2023 SR'000	31 December 2022 SR'000
Revenues from concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	**546,625**	333,163
Revenues from passenger transport	**478,542**	554,860
Revenues from specialized services	**444,684**	332,158
Revenues from digital mobility solutions	**25,826**	22,504
Revenues from government contracts (*)	**73,979**	76,782
	1,569,656	1,319,467

31. REVENUES (CONTINUED)

(*) The Royal Commission for Riyadh ("Commission's Projects and Planning Center") and Saudi Public Transport Company (SAPTCO) ("Operator") agreed to implement the alternative bus service in Riyadh as an alternative service provided by the existing local buses in the Riyadh city for two years, including the provision of materials, equipment, workers and any matters technically and practically required for the implementation of the project. The operation start date is 11 Jumada' II 1439H (corresponding to 27 February 2018) for transport on service runways and stop points in Riyadh city, which is to be determined by approval of the Transport General Authority (TGA).

The total of the contract amount (including extensions granted in year 2020 and 2021) was SR 219.95 million including value-added tax, which was disbursed in equal monthly installments. Due to the end of the agreement, during 2021, the Group agreed with the Royal Commission for Riyadh to continue implementing, where King Abdulaziz Project for Public Transport had not started. The total of the period contract up to March 2023 amounting to SAR 7.2 million without VAT.

During March 2023, King Abdulaziz Project for Public Transport has been officially started. Consequently, the agreement with the Royal Commission to provide an alternative bus service for Riyadh city as detailed in the preceding paragraph has come to an end.

Jeddah Municipality and SAPTCO agreed to implement the alternative bus service project in Jeddah for a period of five years, including the provision of materials, equipment, workers and all matters technically and practically required for implementing the project. The operation start date is 11 Jumada' II 1439H (corresponding to 27 February 2018) for transport on service runways and stop points in Jeddah city, which is to be determined by the approval of the Transport General Authority. The total of the annual contract amount was SR 20.2 million which was disbursed in equal monthly installments. The contract has extended for additional 10 months till August 2024 with the same monthly value .The total of period contract amount for the year ended 31 December 2023 was SR 20.2 million without VAT.

The group entered into a contract with the Madinah Region Development Authority on January 24, 2022 AD to provide frequency transmission services in Madinah for a period of five years, amounting to 57.5 million riyals, including value-added tax, and the implementation of the contract began in March 2022. During the holy month of Ramadan 1444 H, the contract amount increased by 10% to reach a contract value of SAR 63.2 million. Additional services were provided for an amount of SAR 6 million that were related to this increase. As a result, the total value of the contract amount for the year ended 31 December 2023 was SR 15.7 million without VAT.

The Group entered into a contract with the Eastern Province Municipality on 23 January 2022 AD (corresponding to 20/06/1443AH), to provide frequency transmission services in Dammam City and Al-Qatif governorate, for a period of five years, amounting to SAR 149.6 million, including value-added tax, and the implementation of the contract began in October 2022. The total value of the contract amount for the year ended 31 December 2023 was SR 25.9 million without VAT.

The Group entered into a contract with the Taif Province Municipality on 26 December 2022 AD (corresponding to 02/06/1444AH), to provide frequency transmission services in Taif, for a period of five years, amounting to SAR 88 million, including value-added tax, and the implementation of the contract began in September 2023. The total value of the contract amount for the period ended 31 December2023 was SR 4.9 million without VAT.

32. COST OF REVENUES

	31 December 2023 SR'000	31 December 2022 SR'000
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	**320,759**	269,490
Salaries and other related expenses	**394,529**	392,634
Depreciation and amortization expenses	**188,024**	167,699
Bus repairs and maintenance	**142,224**	126,663
Visa and iqama fees	**44,274**	35,044
Contractual services	**137,307**	87,355
Maintenance and general fees	**27,210**	22,925
Rent	**15,833**	16,818
(Reversal) / Provision of inventory (note 13)	**(253)**	2,622
Property insurance expense	**6,510**	7,940
Others	**22,514**	14,194
	1,298,931	1,143,384

33. SELLING AND DISTRIBUTION EXPENSES

	31 December 2023 SR'000	31 December 2022 SR'000
Local agents' commissions	**26,747**	16,551
Advertisement and promotion	**6,347**	3,754
International agents' commissions	**644**	1,173
Advertisements	**2,615**	2,155
	36,353	23,633

34. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023 SR'000	31 December 2022 SR'000
Salaries and other related expenses	**85,247**	61,647
Management consulting expenses	**14,909**	20,177
Repairs and maintenance expenses	**302**	601
IT services expenses	**5,744**	8,134
Depreciation and amortization expenses	**8,618**	7,424
Contractual services	**87**	-
Remunerations, expenses and allowances of the Board of Directors and sub-committees (note 27)	**4,913**	4,371
Telephone and internet expenses	**2,316**	2,399
Rent	**503**	178
Visa and iqama fees	**2,035**	3,157
Research and Development*	**-**	5,983
Property insurance expense	**2,829**	1,580
Others	**9,163**	10,739
	136,666	126,390

*The Group's digital mobility business concentrates on the development of various applications and platforms for transportation services. Research and development costs that are not eligible for capitalization have been expensed in 2022 and they are recognized in administrative expenses.

35. ASSETS HELD FOR SALE

During the year ended 31 December 2023, the Group's management according to the minutes of the Board of Directors meeting No. 370 dated September 14, 2023, and Board of Directors meeting No.371 dated December 11, 2023 decided to sell some of its buses that are used in passenger transportation operations. Accordingly, such buses have been reclassified as assets held for sale. The measurement process resulted in losses of SR 17.3 million, which represents the difference in the fair value less cost to sell amounting to SR 39.3 million and net book of these busses amounting to SR 56.6 million. The fair value less cost to sell is determined by quote received from an external and independent third party and are classified under Level 2 using other observable inputs. Accordingly, the difference between fair value less cost to sell and net book value has been recognized as an impairment losses of buses held for sale in the consolidated statement of profit or loss.

During 2022, the Group sold a portion of busses to SEITCO for an amount of SR 11.1 million with a net book value of SR 3.1 million. This resulted in reversal of impairment on assets held for sale amounting to SR 4.2 million and recognition of capital gain of SR 3.8 million.

36. OTHER INCOME

	31 December 2023 SR'000	31 December 2022 SR'000
Gains on sale of property, plant, busses and equipment (note 35)	**305**	3,822
Gains on sale of scrap	**648**	766
Supplier's penalties	**8,645**	1,994
Rental income	**6,205**	4,456
Advertising revenue on intra-city transport busses	**-**	1,050
Reversal of Zakat provision	**12,804**	24,296
Others	**8,140**	3,726
	36,747	40,110

37. LOSS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the income for the year attributable to ordinary shareholders of the parent company by the weighted average number of the outstanding ordinary shares during the year.

The following table reflects the income and share data used in the calculation of basic and adjusted earnings per share:

	2023 SR'000	2022 **SR'000**
Loss attributable to ordinary shareholders of the parent company for basic loss.	**(35,584)**	(90,872)
	2023	2022
Weighted average number of ordinary shares for basic loss per share	**000**	000
	125,000	125,000
	2023 SR	2022 SR
Basic and adjusted loss per share	**(0.28)**	(0.73)

38. FINANCIAL INSTRUMENTS

A. The table below shows the carrying values of financial assets and liabilities not held at fair value as their carrying value represents a reasonable estimate of the fair value

	31 December 2023 (SR'000)			31 December 2022 (SR'000)		
	Financial assets at amortized cost	**Financial liabilities at amortized cost**	**Total**	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
Financial assets not measured at fair value						
Trade receivables	**343,782**	**-**	**343,782**	224,898	-	224,898
Due from related parties	**97,990**	**-**	**97,990**	106,698	-	106,698
Cash and cash equivalents	**434,248**	**-**	**434,248**	991,859	-	991,859
Unbilled receivables	**848,762**	**-**	**848,762**	1,278,217	-	1,278,217
	1,724,782	**-**	**1,724,782**	2,601,672	-	2,601,672
Financial liabilities not measured at fair value						
Murabaha financing	**-**	**1,296,277**	**1,296,277**	-	1,631,514	1,631,514
Amounts due to related parties	**-**	**14,233**	**14,233**	-	22,023	22,023
Trade payables	**-**	**61,722**	**61,722**	-	181,145	181,145
Accrued expenses and other current liabilities	**-**	**404,221**	**404,221**	-	313,066	313,066
Lease liabilities	**-**	**41,739**	**41,739**		83,031	83,031
	-	**1,818,192**	**1,818,192**	-	2,230,779	2,230,779

38. FINANCIAL INSTRUMENTS (CONTINUED)

B. Financial instrument measured at fair value

The following table shows the carrying amount and fair value of financial assets, including their level in the fair value hierarchy.

	31 December 2023 (SR'000)				
Measured at fair value	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	**9,125**	**9,125**	**-**	**-**	**9,125**

	31 December 2023 (SR'000)				
Measured at fair value	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	**7,523**	**7,523**	**-**	**-**	**7,523**

C. Derivatives financial instruments

As at 31 December 2023, the Group enter into an agreement with local bank for Interest Rate Swaps ("IRS") of a notional value SAR 195.9 and 159.9 million in order to reduce its exposure to interest rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value and their fair value hierarchy.

Notional amount (SR'000)	Derivative instrument	Valuation technique	Fair Value	**31 December 2023 (SR'000)**	31 December 2022 (SR'000)
195,950	Interest rate SWAP IRS-3427	Level 2	Positive	**1,273**	-
159,850	Interest rate SWAP IRS-3594	Level 2	Positive	**3,480**	-
355,800				**4,753**	-

39. NON-CONTROLLING INTERESTS IN THE SUBSIDIARY

Following is the summary of financial information of the subsidiary having non-controlling interests as shown in note (1):

	31 December 2023			31 December 2022
	SR'000	SR'000	SR'000	SR'000
	(RATP)	(NEX)	Total	(RATP)
Non-controlling interests percentage	20%	15%		20%
Assets				
Current assets	1,245,478	31,868	1,277,346	2,083,110
Non-current assets	601,840	93,037	694,877	602,149
Total assets	1,847,318	124,905	1,972,223	2,685,259
Liabilities				
Current liabilities	470,695	42,071	512,766	797,237
Non-current liabilities	1,352,335	72,470	1,424,805	1,943,981
Total liabilities	1,823,030	114,541	1,937,571	2,741,218
Revenues	546,625	29,851	576,476	333,163
Profit/(loss)	79,680	364	80,044	(25,732)
Total comprehensive loss	80,247	364	80,611	(24,703)
Cash flow generated from / (used in) from:				
Operating activities	203,970	14,587	218,557	660,959
Investing activities	(4,159)	(96,527)	(100,686)	(6,929)
Financing activities	(731,786)	100,000	(631,786)	(56,079)
	(531,975)	18,060	(513,915)	597,951
Share of non-controlling interests in net assets/(liabilities)	6,050	1,555	7,605	(5,416)
Share of non-controlling interests in net profit/(loss)	11,353	54	11,407	(5,482)

40. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks that include liquidity risk, market risk, and credit risk comprising currency risk, fair value risk and credit risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Liquidity Risk

Liquidity risk represents the Group's difficulties in providing funds to meet commitments relating to financial instruments. The Group's policy in managing liquidity risk is to ensure that it will have sufficient cash liquidity and adequate funding to meet its liabilities when due.

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk

The table below summarizes the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments:

	Carrying amount	**On demand**	**Less than one year**	**1-5 years**	**Total**
Financial liabilities					
Trade and other payables	**61,722**	**-**	**61,722**	**-**	**61,722**
Accrued expenses and other current liabilities	**404,221**	**-**	**404,221**	**-**	**404,221**
Murabaha financing	**1,144,431**	**-**	**344,552**	**945,487**	**1,290,039**
Short-term Murabaha financing	**151,846**	**-**	**151,846**	**-**	**151,846**
Due to related party	**14,233**	**-**	**14,233**	**-**	**14,233**
Lease liabilities	**41,739**	**-**	**12,948**	**33,701**	**46,649**
	1,818,192	**-**	**989,522**	**979,188**	**1,968,710**

	Carrying amount	On demand	Less than one year	1-5 years	Total
Financial liabilities					
Trade and other payables	181,145		181,145	-	181,145
Accrued expenses and other current liabilities	313,066	-	313,066	-	313,066
Murabaha financing	1,480,676	-	453,809	1,095,673	1,549,482
Short-term Murabaha financing	150,838	-	150,838	-	150,838
Due to related party	22,023	-	22,023	-	22,023
Lease liabilities	83,031	-	23,434	67,515	90,949
	2,230,779	-	1,144,315	1,163,188	2,307,503

Market Risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Group’s profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the value of Group borrowings will fluctuate due to changes in the market interest rates. The Group has interest bearing liabilities at 31 December 2023 and 31 December 2022. As part of the managing the interest rate risk and to mitigate uncertainties and negative variations in interest rates over the period of the Murabaha Financings, the Group has executed interest rate swap agreement for some of its Murabaha financing, with one of the local bank, however, for the remaining Murabaha financing, the Group manages its exposure by continuously monitoring movements in interest rates.

The following table demonstrates the sensitivity of the Group exposure to interest rate risk to a reasonably possible change, with all other variables held constant. Below is the impact on Groups loss before zakat (through the impact on floating rate borrowings), excluding interest rate Swaps:

	31 December 2023	31 December 2022
Floating rate debt	**SR’000**	SR '000
SAIBOR +100bps	**(4,154)**	(6,046)
SAIBOR -100bps	**4,154**	6,046

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in its ordinary course of business. The Group uses foreign currencies, mainly USD and EUR.

The Group is not exposed to significant currency risk with respect to USD as the Saudi Riyal is pegged to the USD, and transactions denominated in other currencies are not considered to represent significant currency risk. However, EUR is subject to higher exchange fluctuations than USD.

No sensitivity to foreign currency risk is presented due to its minimal effect on the consolidated financial statements.

Equity price risk

The Group's investments in listed and unlisted equities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's management on a regular basis. The Group's Investment Committee reviews and approves all equity investment decisions.

Credit Risk

Credit risk is the risk that one party will fail to meet its obligation and will cause the other party to incur a financial loss. The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer, which the Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Because of the nature of the Group's business, significant portion of revenue is collected in cash due to which the Group is not significantly exposed to credit risks.

Concentrations arise when a number of counterparties are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. On the date of the consolidated financial statements, no significant concentrations of credit risk were identified by the management, except for transactions with government institutions.

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit Risk (Continued)

The following is an analysis of information about credit risk exposure on the Group's trade receivables using the provision matrix:

	31 December 2023 Trade receivables				
	Total	**Less than 90 days**	**90 days to 1 year**	**1-2 years**	**More than two years**
	SR'000	**SR'000**	**SR'000**	**SR'000**	**SR'000**
Carrying amount of trade receivables	**405,824**	**226,623**	**49,182**	**52,334**	**77,685**
Expected credit loss as at 31 December 2023	**62,042**	**1,626**	**6,934**	**5,188**	**48,294**

	31 December 2022 Trade receivables				
	Total	Less than 90 days	90 days to 1 year	1-2 years	More than two years
	SR'000	SR'000	SR'000	SR'000	SR'000
Carrying amount of trade receivables	289,414	111,441	74,930	40,486	62,557
Expected credit loss as at 31 December 2022	64,516	2,836	8,467	3,340	49,873

The credit quality of trade and other receivables was determined as follows:

High credit grade pertains to receivables with no default; medium grade pertains to receivables up to 3 defaults; and low grade pertains to receivables with more than 3 defaults. All receivables classified as past due or impaired in the table above are graded "high".

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of the financial assets.

Unbilled receivables

An impairment analysis is performed at each reporting date for unbilled receivables using general method calculation. The Group evaluated the risk with respect to unbilled receivables as low, as this balance pertain to Government authority.

Due from related parties

An impairment analysis is performed at each reporting date on an individual basis for the major related parties. The maximum, exposure to credit risk at the reporting date is the carrying value of the amount due from related parties. This assessment is undertaking at each financial year through the examine of financial position of related parties and the market in which the related party operates. The Group evaluate the risk with respect to due from related parties as low. As majority of the related parties are owned by the same shareholder.

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Group's policy. Cash is substantially placed with national banks with sound credit ratings. The Group does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

Guarantees

The Group policy is to provide financial guarantees only for subsidiaries, joint venture and associates at 31 December 2023 and 2022, the company has issued performance guarantees on behalf of subsidiaries.

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The policy of the Group is to maintain a strong capital base to maintain investor, creditor and market confidence and to support future development of the Group's business. Management monitors the capital return as well as the level of dividends to the ordinary shareholders.

The Group manages its capital to ensure:
- Its ability to continue as a going concern.
- Financing its working capital and the requirements of strategic investments efficiently and in an optimal manner.
- Increasing returns to the shareholders to the maximum extent possible.
- Maintaining an appropriate composition of debt and equity.

The Company monitors capital using the movement rate, which is net debt divided by total capital plus debt. The Company includes within the debt current and non-current portion of the loans.

To calculate net debt, the Group adds interest-bearing term loans, trade and other payables, and deducts bank balances, cash in hand, short-term deposits and discontinued operations.

	31 December 2023 SR'000	31 December 2022 SR'000
Long-term and short-term Murabaha loans	**1,296,277**	1,631,514
Accounts payable, accrued expenses and other liabilities	**465,943**	494,211
Less: cash and cash equivalents	**(434,248)**	(991,859)
Net debt	**1,327,972**	1,133,866
Equity	**921,690**	939,669
Share capital and net debt	**2,249,662**	2,073,535
Debt ratio	**59%**	55%

No changes were made in the Group's objectives, policies or processes during the year ended 31 December 2023 and 2022. The Group has no externally imposed capital requirements as at 31 December 2023 and 2022.

41. DIVIDEND

On 2 Thul-Qi'dah 1444 H (corresponding to 22 May 2023) the shareholders in their Ordinary General Assembly Meeting approved not to distribute cash dividend for the year ended December 31, 2022 (2021: Nil).

42. SUBSEQUENT EVENTS

There have been no significant subsequent events since the year-end date that require disclosure or adjustment in these Consolidated Financial Statements.

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 23 Sha'ban 1445 H (corresponding to 4 March 2024).