

**SAUDI PUBLIC TRANSPORT COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months period ended
31 March 2024
together with the
Independent Auditor's Limited Review Report

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

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Independent Auditor's Limited Review Report

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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 on review of condensed consolidated interim financial statements

To the Shareholders of Saudi Public Transport Company - a Saudi Joint Stock Company

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of **Saudi Public Transport Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2024;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements of Saudi Public Transport Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Aldossari
License No. 469



Riyadh on 5 Thul-Qi'dah 1445H
Corresponding to 13 May 2024

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (40,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لفركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجزيرة محدودة بضمناً. جميع الحقوق محفوظة.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

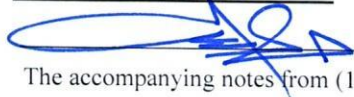
Condensed Consolidated Interim Statement of Financial Position (Unaudited)

As at 31 March 2024

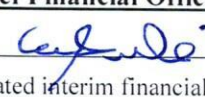
(Expressed in thousands of Saudi Arabian Riyals)

	<i>Note</i>	31 March 2024 <i>(Unaudited)</i>	31 December 2023 <i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment buses and trucks, net	6	1,172,003	1,149,457
Investment properties		307,122	307,122
Intangible assets, net	7	623,992	624,657
Right of use assets, net		35,961	39,971
Due from a related party – non current portion	16	39,795	39,023
Equity accounted investees		19,939	30,274
Deferred tax assets		362	343
Other non-current assets		1,829	2,034
Total non-current assets		2,201,003	2,192,881
Current assets			
Inventories		27,141	27,819
Trade receivables, net		267,018	343,782
Unbilled receivables	8	956,770	848,762
Prepayments and other current assets		80,571	76,581
Due from related parties – current portion	16	52,798	58,967
Other investments, including derivatives		759	13,877
Cash and cash equivalents		509,127	434,248
		1,894,184	1,804,036
Assets held for sale	19	30,654	39,300
Total current assets		1,924,838	1,843,336
Total assets		4,125,841	4,036,217
Equity			
Share capital	9	1,250,000	1,250,000
Statutory reserve	9	-	-
Consensual reserve	9	-	-
Accumulated losses		(385,010)	(335,915)
Equity attributable to holders of the Parent Company		864,990	914,085
Non-controlling interests		8,071	7,605
Total equity		873,061	921,690
Liabilities			
Non-current liabilities			
Murabaha financing – non current portion	10	789,058	854,754
Advance from customer – non current portion	11	817,351	897,857
Employees' defined benefits liabilities		136,360	145,143
Lease liabilities – non current portion		26,697	30,348
Total non-current liabilities		1,769,466	1,928,102
Current liabilities			
Murabaha financing – current portion	10	285,996	289,677
Short-term Murabaha financing	10	353,355	151,846
Trade and retention payables		125,006	61,722
Due to related parties	16	13,186	14,233
Lease liabilities – current portion		8,846	11,391
Accrued expenses and other current liabilities		382,402	404,221
Contracts liabilities		11,953	9,542
Advance from customer – current portion	11	282,753	225,290
Zakat and income tax payable	12	19,817	18,503
Total current liabilities		1,483,314	1,186,425
Total liabilities		3,252,780	3,114,527
Total equity and liabilities		4,125,841	4,036,217

Authorized Board Member



Chief Financial Officer



The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the three-month periods ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Revenues	13	308,517	307,668
Cost of revenues	14	(294,150)	(297,465)
Gross profit for the period		14,367	10,203
Selling and distribution expenses		(1,368)	(6,027)
General and administrative expenses		(28,885)	(29,660)
Reversal of impairment loss on assets held for sale	19	682	-
Impairment loss on trade receivables and other current assets		(2,805)	(1,588)
Operating (loss) for the period		(18,009)	(27,072)
Finance income		2,277	911
Finance costs		(30,660)	(25,498)
Net finance costs		(28,383)	(24,587)
Share in (loss)/ income of joint venture		(10,335)	907
Share in income/ (loss) of associates		1,586	(447)
Other income	15	8,005	6,350
Loss before Zakat and income tax		(47,136)	(44,849)
Zakat and income tax	12	(1,493)	(2,548)
Net (loss) for the period		(48,629)	(47,397)
Profit / (loss) for the period attributable to:			
Shareholders of the Parent Company		(49,095)	(44,428)
Non-controlling interests		466	(2,969)
		(48,629)	(47,397)
Loss per share:			
Basic and diluted, from the loss for the period attributable to Shareholders of the Parent Company		(0.39)	(0.36)

Authorized Board Member


Chief Financial Officer

The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Comprehensive Income
For the three months period ended 31 March 2024
(Expressed in thousands of Saudi Arabian Riyals)

	For the three-month period ended 31 March	
	2024	2023
	SR'000	SR'000
	(Unaudited)	(Unaudited)
(Loss) for the period	(48,629)	(47,397)
Other comprehensive income		
<i>Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss:</i>		
Re-measurement (loss)/gain on defined benefit obligation	-	-
<i>Total Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss:</i>	-	-
Total comprehensive (loss) for the period	(48,629)	(47,397)
Total comprehensive income/ (loss) for the period attributable to:		
Shareholders of the Parent Company	(49,095)	(44,428)
Non-controlling interests	466	(2,969)
	(48,629)	(47,397)

Authorized Board Member



Chief Financial Officer



The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

	Equity attributable to equity holders of the Parent Company						Non-controlling interests	Total equity
	Share capital	Statutory reserve	Consensual reserve	Fair value of financial assets	Accumulated losses	Total		
As at 31 December 2023 (Audited)	1,250,000	-	-	-	(335,915)	914,085	7,605	921,690
(Loss)/profit for the period	-	-	-	-	(49,095)	(49,095)	466	(48,629)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive (loss)/ income	-	-	-	-	(49,095)	(49,095)	466	(48,629)
As at 31 March 2024 (Unaudited)	1,250,000	-	-	-	(385,010)	864,990	8,071	873,061
	Share capital	Statutory reserve	Consensual reserve	Fair value of financial assets	Accumulated losses	Total	Non-controlling interests	Total equity
As at 31 December 2022 (Audited)	1,250,000	-	-	-	(304,915)	945,085	(5,416)	939,669
Loss for the period	-	-	-	-	(44,428)	(44,428)	(2,969)	(47,397)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(44,428)	(44,428)	(2,969)	(47,397)
As at 31 March 2023 (Unaudited)	1,250,000	-	-	-	(349,343)	900,657	(8,385)	892,272

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
OPERATING ACTIVITIES		
Loss for the period before Zakat and income tax	(47,136)	(44,849)
<i>Adjustments to reconcile loss before Zakat and income tax to net cash flows:</i>		
Depreciation of property, plant and equipment, buses and trucks	43,709	38,526
Depreciation of right-of-use assets	2,849	5,350
Amortization of intangible assets	2,379	2,646
Impairment loss on trade receivables and other current debit balances	2,805	1,588
Provision for inventories	624	-
Share in loss/(income) of a joint venture	10,335	(907)
Share in (income)/loss from an associates	(1,586)	447
Finance costs	21,968	23,123
Finance income	(772)	(346)
Finance charges on lease liabilities	366	663
Gain on termination of lease	(240)	-
Provision for employees' defined benefits liabilities	6,036	6,372
Reversal of impairment loss on assets held for sale	(682)	-
Gain from sale of property plant and equipment	(46)	-
Changes in financial assets at FVTPL	1,661	(160)
Cash flows after adjustment of non-cash items	42,270	32,453
Working capital adjustments:		
Inventories	54	(5,691)
Trade receivables and unbilled receivables	(34,049)	(80,657)
Due from related parties	6,169	605
Prepayments and other current assets	(3,990)	(17,173)
Other non-current assets	205	205
Trade payables	63,284	83,414
Due to related parties	(1,047)	1,621
Advance from customers	(23,043)	-
Accrued expenses and other current liabilities	(20,233)	(7,714)
Contract liabilities	2,411	2,163
Cash flows generated from operating activities	32,031	9,226
Employees' defined benefits liabilities paid	(14,819)	(3,135)
Zakat and income tax paid	(198)	-
Net cash flows generated from operating activities	17,014	6,091
INVESTING ACTIVITIES		
Proceed from investments at fair value through profit and loss	11,457	-
Proceeds from sale of property, plant and equipment	9,416	-
Purchase of property, plant, and equipment	(66,297)	(177,436)
Purchase of intangible assets	(1,714)	(1,580)
Net cash flows (used in) investing activities	(47,138)	(179,016)
Financing activities		
Proceeds from Murabaha financing	350,000	100,000
Payment of Murabaha financing	(217,868)	(687,193)
Repayment of Finance costs	(21,967)	(23,123)
Payment of lease liabilities	(5,162)	(9,227)
Net cash flows generated from/ (used in) financing activities	105,003	(619,543)
Net increase / (decrease) in cash and cash equivalents	74,879	(792,468)
Cash and cash equivalents at 1 January	434,248	991,859
Cash and cash equivalents at 31 March	509,127	199,391
Material non cash transaction		
Right-of-use assets	1,161	-
Derivative financial asset – interest rate SWAP	2,247	-

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (21) form an integral part of these condensed consolidated interim financial statements

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

1. INFORMATION ABOUT THE GROUP

Saudi Public Transport Company (the “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 Shaban 1399H (corresponding to 9 July 1979). The Company operates under Commercial Registration number 1010024335 issued on 5 Ramadan 1399H (corresponding to 30 July 1979). The Company’s registered office’s address is Al-Nakheel, 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, transportation for teachers, car rental and private transport, operating and maintenance 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.

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 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:

<u>Subsidiaries</u>	<u>Year of incorporation</u>	<u>Shareholding</u>		<u>Principal activity</u>	<u>Country of incorporation</u>
		<u>31 March 2024</u>	<u>31 December 2023</u>		
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 Mobility Technologies	Kingdom of Saudi Arabia
SAT Transport company	2023	85%	85%	Intercity Transportation Services	Kingdom of Saudi Arabia

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

1. INFORMATION ABOUT THE GROUP (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:

Investment in associates and a joint venture	Relationship	Shareholding		Principal activity	Country of incorporation
		31 March 2024	31 December 2023		
Saudi Bahraini Transport Company *	An associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia
Capital Metro Company Limited	An associate	20%	20%	Road construction works and Maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	A joint venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements for the three-months period ended 31 March 2024 have been prepared in accordance with the International Accounting Standard (34) “Interim Financial Reporting” that endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The condensed consolidated interim financial statements should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023 (“last annual financial statements”). These condensed consolidated interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared under IFRS. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

b) New standards or amendments effective in 2024 and subsequent years

The Group has not early adopted any standard, interpretation or amendment that has been issued, but is not yet effective. Several amendments and interpretations were applied for the first time in 2024, but have no significant impact on the Group’s interim condensed consolidated financial statements.

c) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for derivative financial assets -interest rate SWAP- which are measured at fair value, employees’ defined benefits liabilities which are recognized at the present value of future obligations using the Projected Unit Credit method (PUC), and investment held at Fair value through profit or loss (FVTPL). The Group’s investments in its associates and joint venture are accounted for using the equity method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting.

d) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“SR”), which is also the Group’s functional currency. All amounts have been rounded to the nearest thousands of Saudi Arabian Riyals, unless otherwise indicated.

d) Going Concern

The condensed consolidated interim financial statements have been prepared on a going concern basis.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of Group's condensed consolidated interim financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by Saudi Organization for Chartered and Professional Accountants 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.

The significant estimates made by the management when applying the Group's accounting policies and the significant sources of uncertainties of the estimates were similar to those shown in the Group's last annual consolidated financial statements.

Fair Value Measurement

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 Group chief financial officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. 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 assets or liabilities, the Group uses market observable 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 capital 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 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.

Management assessed that the fair values of cash and cash equivalents, trade receivables, unbilled receivables and other current assets, trade and other payables and current liabilities approximate their carrying values largely due to the short-term maturities of these financial instruments.

Management assessed that the carrying value of the fixed and variable commission rates bearing long term Murabaha financing approximates their fair value due to the fact that they bear commission rates that reflect commission rates prevailing in market for similar financing and loans. As a result, the discounted future cash value of financing and loans is not materially different from its current carrying amount.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months period ended 31 March 2024

(Expressed in thousands of Saudi Arabian Riyals)

5. 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 revenue from contract with Government as well as international transport services.
- Specialized Services - It includes transport services under lease agreements entered into by the Company 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.
- Digital mobility solutions to innovate technical solutions within a digital mobility portfolio to be independent companies in the future in order to raise the market value of the digital mobility project portfolio.
- Head Office - It includes the headquarter of the Group and financial information about support unit activities.

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 Saudi Public Transport Company, 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.

- 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 condensed consolidated interim statement of profit or loss and is measured consistently with the condensed consolidated interim statement of profit or loss in the condensed consolidated interim financial statements.

The Group has no significant customer that contributes 10% or more to the Group's revenues for the period ended 31 March 2024 and 31 December 2023, respectively, except for certain government agencies which in aggregate account for 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:

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5. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	Passenger transport	Specialized services	Head office	Digital mobility solutions	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
For the period ended 31 March 2024 (Unaudited)								
Total revenue (<i>Note 13</i>)	71,777	124,105	-	13,579	108,008	317,469	(8,952)	308,517
Cost of revenue (<i>Note 14</i>)	(70,326)	(133,188)	-	(15,681)	(90,824)	(310,019)	15,869	(294,150)
Gross profit/(loss)	1,451	(9,083)		(2,102)	17,184	7,450	6,917	14,367
Profit/(Loss) before Zakat and income tax	1,820	(33,152)	(11,643)	(5,527)	2,589	(45,913)	(1,223)	(47,136)

	Passenger transport	Specialized services	Head office	Digital mobility solutions	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
For the period ended 31 March 2023 (Unaudited)								
Total revenue (<i>Note 13</i>)	152,700	70,264	-	8,417	76,789	308,170	(502)	307,668
Cost of revenue (<i>Note 14</i>)	(111,991)	(99,574)	-	(21,713)	(69,221)	(302,498)	5,033	(297,465)
Gross profit/(Loss)	40,709	(29,310)	-	(13,296)	7,568	5,672	4,531	10,203
profit/(Loss) before Zakat and income tax	32,285	(37,404)	(36,716)	(18,267)	(15,073)	(75,175)	30,326	(44,849)

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5. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	Passenger transport	Specialized services	Head office	Digital mobility solutions	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
As at 31 March 2024 (Unaudited)								
Total assets	415,338	1,039,433	1,046,967	50,343	1,797,547	4,349,628	(223,787)	4,125,841
Total liabilities	262,640	856,288	505,928	222,444	1,771,213	3,618,513	(365,733)	3,252,780
Other disclosures:								
Property, plant and equipment buses and trucks	218,210	841,981	98,511	3,660	9,641	1,172,003	-	1,172,003
Equity accounted investees	-	-	19,939	-	-	19,939	-	19,939
	Passenger transport	Specialized services	Head office	Digital mobility solutions	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
As at 31 December 2023 (Audited)								
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 accounted investees	-	-	30,274	-	-	30,274	-	30,274

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6. PROPERTY, PLANT AND EQUIPMENT BUSES AND TRUCKS (net)

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Property, plant, and equipment	1,107,632	1,092,616
Projects under construction	64,371	56,841
	<u>1,172,003</u>	<u>1,149,457</u>

During the three months period ended 31 March 2024, the Group added property, plant, and equipment amounting to of SR 66.3 million (31 March 2023: SR 177 million).

7. INTANGIBLE ASSETS (net)

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Software and licenses	39,225	39,890
Other intangible assets*	584,767	584,767
	<u>623,992</u>	<u>624,657</u>

***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.

8. UNBILLED RECEIVABLES

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Unbilled receivable	<u>956,770</u>	<u>848,762</u>
	31 March 2024	31 December
	(Unaudited)	2023
	<u>SR'000</u>	<u>SR'000</u>
Balance at the beginning of the period/year	848,762	1,278,217
Revenue recognized during the period/year	108,008	546,625
Revenue billed during the period/year	-	(976,080)
Balance at the end of the year	<u>956,770</u>	<u>848,762</u>

Unbilled receivables are revenue recognized but not yet billed. PTC issues an invoice to customer according to the agreed billing milestone. Current unbilled receivables are amounts that will be billed over the next 12 months.

During the period ended 31 March 2024, PTC received an amount of SR 109 million (31 December 2023: SR 814 million) according to the payment schedule.

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9. SHARE CAPITAL AND RESERVES

Share capital

As at 31 March 2024, the fully paid-up share capital of the Group is SR 1,250 million (31 December 2023: SR 1,250 million) divided into 125 million shares (31 December 2023: 125 million shares) of SR 10 each.

Statutory reserve

In accordance with the by-laws of the Company, the Group sets aside 10% of its net income each year as a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals (30%) of the Company's share capital. This reserve is not available for distribution.

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 5% of the Group's net income to form a consensual reserve and allocate it for a specific purpose(s).

10. MURABAHA FINANCING

A) Long-term Murabaha Financing

The Group has entered long term Murabahas with local banks with total credit facility of SR 2,280 million (31 December 2023: SR 2,280 million). The utilised portion of long term Murabaha facilities have been availed during 2018 to 2023 and have a maturity of three to five years from the date of the drawdown and are secured by promissory notes bearing prevailing commission rates ranging between 1%-2% plus SAIBOR. In order to mitigate the uncertainties associated with the SAIBOR, The Group entered into a profit rate swap agreement with one of the local bank for certain loans acquired in 2023. The Group has obtained these loans in order to finance the procurement of buses.

B) Short-term Murabaha Loans

During 2024, the group has entered short term Murabaha with local banks with total credit facility SR 400 million (31 December 2023: SR 300 million) to finance operating activities.

C) Murabaha financing, including short term financing

The balance of Murabaha financing including short term Murabaha financing, was presented in the condensed consolidated interim statement of financial position as follows:

	31 March 2024	31 December 2023
	<u>SR'000</u>	<u>SR'000</u>
Short-term Murabaha financing	353,355	151,846
Current portion of Murabaha financing and short-term financing	285,996	289,677
Non-current portion recognized under non-current liabilities	789,058	854,754
	<u>1,428,409</u>	<u>1,296,277</u>

A summary of the Murabaha transaction is as follows:

	31 March 2024	31 December 2023
	<u>SR'000</u>	<u>SR'000</u>
Balance at beginning of the period / year	1,296,277	1,631,514
Proceeds during the period / year	350,000	895,800
Re-payments during the period / year	(217,868)	(1,231,037)
Balance at the end of period / year	<u>1,428,409</u>	<u>1,296,277</u>

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11. ADVANCE FROM CUSTOMER

PTC received an amount of SR 1,568 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The Company received SR 471 million in 2015, SR 548 million in 2019 and SR 549 million in 2020. The balance at the end of the period was classified under current and non-current items with balances of SR 283 million and SR 817 million, respectively (31 December 2023: SR 225 million and SR 898 million, respectively). The value of the advance payment is amortized according to the completed works by PTC, with a percentage of the total cumulative work submitted.

12. ZAKAT AND INCOME TAX

Zakat is calculated based on the zakat base of the company and its subsidiaries separately. The company submitted the final zakat returns until 2023 and obtained the necessary zakat certificates until 31 December 2023. The Zakat, Tax and Customs Authority (“the Authority”) issued its zakat assessments for the company until the year 2020, and the group paid the zakat due according to the final zakat returns.

The subsidiary has submitted the zakat and tax return to the Zakat, Tax and Customs Authority (“the Authority”) until 2023. No zakat or tax assessment has yet been made by the authority.

13. REVENUE

	For the three-months period ended 31 March	
	2023 (Unaudited)	2023 (Unaudited)
Revenue from concession arrangements for the King Abdul- Aziz Project for Public Transport in Riyadh	108,008	76,789
Revenue from passenger transport	62,533	131,433
Revenue from specialized services	102,915	70,554
Revenues from government contracts	21,482	20,977
Revenues from digital mobility solutions	13,579	7,915
	308,517	307,668

14. COST OF REVENUE

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	83,954	64,690
Salaries and other related expenses	75,717	98,521
Depreciation and amortization expenses	47,621	43,712
Bus repairs and maintenance	24,747	35,468
Visa and iqama fees	3,287	9,900
Contractual services	40,695	27,106
Maintenance and general fees	3,728	5,154
Rent	1,472	5,337
Impairment of slow-moving inventories	624	-
Property insurance expense	2,458	2,071
Others	9,847	5,506
	294,150	297,465

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15. OTHER INCOME

	For the three months period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Gains on the sale of assets held for sale	682	-
Gains on the sale of property, plant and equipment	48	-
Penalties on suppliers	94	1,310
Rental income	1,466	1,724
Others	5,715	3,316
	8,005	6,350

16. RELATED PARTIES

Related parties of the Group comprise shareholders having control or significant influence, key management personnel, and affiliates where shareholders have control or significant influence. The transactions with related parties are made on terms approved by the Board of 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:

	Nature of relationship	Nature of transactions	Transaction for the three- months period ended	
			31 March 2024	31 March 2023
			(Unaudited)	(Unaudited)
<u>Related party</u>				
Saudi Emirates Integrated Transport Company (SEETCO)	A joint venture	Finance income	772	346
		Share in (loss) of the joint venture	(10,335)	907
		Services rendered	9,844	1,254
Capital Metro Company Ltd (CAMCO)	An associate	Share in (loss) / profit of the joint venture	1,586	(447)
RATP Development (French company)	Non-controlling interests of the subsidiary	Services rendered	1,570	1,675
RATP Dev Saudi Arabia (LLC)	Non-controlling interests of the subsidiary	Services rendered	11,409	11,391

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16. RELATED PARTIES (CONTINUED)

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

<u>Related party</u>	<u>Recognized under</u>	<u>31 March 2024 (Unaudited)</u>	<u>31 December 2023 (Audited)</u>
	Due from a related party		
	– non current portion	39,795	39,023
Saudi Emirates Integrated Transport Company	Due from a related party		
	– current portion	51,253	57,422
Capital Metro Company Ltd (CAMCO)	Due from related parties	1,545	1,545
RATP Development (French company)	Due to related parties	5,568	5,634
RATP Dev Saudi Arabia (LLC)	Due to related parties	7,618	7,618
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, February and March 2024 the Company collected SR 20 million and expects to collect the remaining balance during 2024.

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

Transactions with key management personnel:

	<u>31 March 2024</u>	<u>31 March 2023</u>
Board expenses and allowances	500	500
Compensations of the key management personnel *	9,788	6,275

*Compensations of the key management personnel:

	<u>31 March 2024</u>	<u>31 March 2023</u>
Short-term employees’ benefits	9,591	6,078
Long-term benefits	197	197
	9,788	6,275

Key management personnel compensation includes salaries and defined employee benefits.

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17. FINANCIAL INSTRUMENTS

The table below shows the carrying values of financial assets and liabilities, which are not measured at fair value, the carrying values is a reasonable approximation of fair value.

	31 March 2024 (Unaudited)			31 December 2023 (Audited)		
	Amortized cost	Other Financial liabilities	Total	amortized cost	Other Financial liabilities	Total
Financial assets not measured at fair value						
Trade receivables, net	267,018	-	267,018	343,782	-	343,782
Due from related parties	92,593	-	92,593	97,990	-	97,990
Cash and cash equivalents	509,127	-	509,127	434,248	-	434,248
Unbilled receivables	956,770	-	956,770	848,762	-	848,762
	<u>1,825,508</u>	<u>-</u>	<u>1,825,508</u>	<u>1,724,782</u>	<u>-</u>	<u>1,724,782</u>
Financial liabilities not measured at fair value						
Murabaha Loans	-	1,428,409	1,428,409	-	1,296,277	1,296,277
Amounts due to related parties	-	13,186	13,186	-	14,233	14,233
Trade and retention payables	-	125,006	125,006	-	61,722	61,722
Accrued expenses and other current liabilities	-	382,402	382,402	-	404,221	404,221
Lease liabilities	-	35,543	35,543	-	41,739	41,739
	<u>-</u>	<u>1,984,546</u>	<u>1,984,546</u>	<u>-</u>	<u>1,818,192</u>	<u>1,818,192</u>

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18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent liabilities

As at 31 March 2024, 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 1,993 million (31 December 2023: SR 3,117 million). These include performance guarantees given on behalf of subsidiaries.

b. Capital commitments.

As at 31 March 2024, the Group had commitment of SR NIL (31 December 2023: SR 54.7 million) relating to the procurement of buses.

19. ASSETS HELD FOR SALE

During 2023, the Group's management as per 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 the period ended March 31, 2024, the Group sold a portion of busses for an amount of SR 9.4 million with a net book value of SR 8.6 million. This resulted in a reversal of impairment loss on non-current assets held for sale by SAR 0.682 Million.

20. SUBSEQUENT EVENTS

On April 30, 2024, SAPTCO has been established a new wholly owned subsidiary called Al-Riyadah World Training Company a single limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1009023001 with a share capital of SAR 100,000. The Company is primary engaged in the activities of driver training. Other than this there is no event has occurred up to and including the date of the approval of the condensed consolidated interim financial statements by the Board of Directors of the Group which could materially affect these financial statements and the related disclosures for the periods ended 31 March 2023.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 5 Thul-Qi'dah 1445H (Corresponding to 13 May 2024).