

**SAUDI PUBLIC TRANSPORT COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months and the nine months period ended
30 September 2023
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 and the nine months period ended 30 September 2023
together with the

Independent Auditor's Limited Review Report

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KPMG Professional Services

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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 30 September 2023 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 30 September 2023;
- The condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- The condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2023; 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 30 September 2023 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 24 Rabi'II 1445H
Corresponding to 8 November 2023



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and 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 لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. 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 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

	<i>Note</i>	30 September 2023 (Unaudited)	31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment buses and trucks, net	6	1,143,224	919,304
Investment properties		307,122	307,122
Intangible assets, net	7	627,919	631,383
Right of use assets, net		42,850	81,391
Due from a related party	16	47,685	46,629
Investments in associates and joint venture		26,063	46,723
Deferred tax assets		396	302
Other non-current assets		2,238	2,852
Total non-current assets		2,197,497	2,035,706
Current assets			
Inventories		29,496	25,413
Trade receivables, net		365,259	224,898
Unbilled receivables	8	929,382	1,278,217
Prepayments and other current assets		65,722	50,383
Due from related parties	16	57,911	60,069
Investment at FVTPL		8,677	7,523
Cash and cash equivalents		532,472	991,859
Assets held for sale	19	1,988,919	2,638,362
Total current assets		7,302	-
Total assets		1,996,221	2,638,362
Equity			
Share capital		1,250,000	1,250,000
Statutory reserve	9	-	-
Consensual reserve	9	-	-
Accumulated losses	9	-	-
Equity attributable to holders of the Parent Company		(268,668)	(304,915)
Non-controlling interests		981,332	945,058
Total equity		3,076	(5,416)
Liabilities			
Non-current liabilities			
Murabaha financing		873,315	1,035,376
Advance from customer	10	942,399	1,053,531
Employees' defined benefits liabilities	11	184,215	175,337
Lease liabilities		31,100	62,178
Total non-current liabilities		2,031,029	2,326,422
Current liabilities			
Murabaha financing		275,319	445,300
Short-term Murabaha financing	10	101,040	150,838
Trade and retention payables		75,036	181,145
Due to related parties	16	13,056	22,023
Current portion of lease liabilities		11,989	20,853
Accrued expenses and other current liabilities		440,479	313,066
Contracts liabilities		8,536	9,932
Advance from customer	11	236,304	241,053
Zakat and income tax payable	12	16,522	23,767
Total current liabilities		1,178,281	1,407,977
Total liabilities		3,209,310	3,734,399
Total equity and liabilities		4,193,718	4,674,068

Authorized Board Member

Chief Financial Officer

The accompanying notes from (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 and the nine months period ended 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	13	431,849	352,978	1,197,415	962,650
Cost of revenue	14	(315,759)	(272,301)	(949,162)	(812,785)
Gross profit for the period		116,090	80,677	248,253	149,865
Selling and distribution expenses		(6,103)	(7,092)	(28,063)	(17,120)
General and administrative expenses		(33,105)	(37,964)	(96,742)	(87,945)
Reversal of impairment of assets held for sale		-	-	-	4,220
Impairment of trade receivables		(2,787)	(1,995)	(5,963)	(10,238)
Operating profit for the period		74,095	33,626	117,485	38,782
Finance income		1,718	1,775	3,371	3,205
Finance costs		(22,128)	(21,463)	(69,619)	(53,293)
Net finance costs		(20,410)	(19,688)	(66,248)	(50,088)
Share in loss of joint venture		(16,141)	(13,541)	(20,660)	(23,893)
Share in (loss) / income of associates		(361)	377	(2,198)	518
Other income	15	2,971	3,027	26,781	39,214
Profit before Zakat and income tax		40,154	3,801	55,160	4,533
Zakat and income tax	12	(6,560)	(2,530)	(10,421)	(5,818)
Net profit / (loss) for the period		33,594	1,271	44,739	(1,285)
Profit / (loss) for the period attributable to:					
Shareholders of the Parent Company		20,199	4,034	36,247	2,471
Non-controlling interests		13,395	(2,763)	8,492	(3,756)
		33,594	1,271	44,739	(1,285)
Gain per share:					
Basic and diluted, from the profit for the period attributable to Shareholders of the Parent Company		0.16	0.03	0.29	0.02

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 and the nine months period ended 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 SR'000 (Unaudited)	2022 SR'000 (Unaudited)	2023 SR'000 (Unaudited)	2022 SR'000 (Unaudited)
Gain / (Loss) for the period	33,594	1,271	44,739	(1,285)
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 income/ (loss) for the period	33,594	1,271	44,739	(1,285)
Total comprehensive income/ (loss) for the period attributable to:				
Shareholders of the Parent Company	20,199	4,034	36,247	2,471
Non-controlling interests	13,395	(2,763)	8,492	(3,756)
	33,594	1,271	44,739	(1,285)

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 nine months period ended 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

	Equity attributable to equity holders of the Parent Company							
	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
Profit for the period	-	-	-	-	36,247	36,247	8,492	44,739
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	36,247	36,247	8,492	44,739
As at 30 September 2023 (Unaudited)	1,250,000	-	-	-	(268,668)	981,332	3,076	984,408

	Equity attributable to equity holders of the Parent Company							
	Share capital	Statutory reserve	Consensual reserve	Fair value of financial assets	Accumulated losses	Total	Non-controlling interests	Total equity
As at 31 December 2021 (Audited)	1,250,000	-	-	-	(200,350)	1,049,650	(140)	1,049,510
Loss for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	2,471	2,471	(3,756)	(1,285)
Total comprehensive loss	-	-	-	-	2,471	2,471	(3,756)	(1,285)
As at 30 September 2022 (Unaudited)	1,250,000	-	-	-	(197,879)	1,052,121	(3,896)	1,048,225

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 and the nine months period ended 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals)

	For the nine-month period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
OPERATING ACTIVITIES		
Profit for the period before Zakat and income tax	55,160	4,533
<i>Adjustments to reconcile income before Zakat and income tax to net cash flows:</i>		
Depreciation of property, plant, and equipment	126,184	109,765
Depreciation of right-of-use assets	13,813	12,967
Amortization of intangible assets	8,008	4,764
Impairment of trade receivables and other current debit balances	5,963	9,577
Provision for slow moving inventories	1,668	500
Reverse of Zakat provision	12,804	(24,296)
Share in loss of a joint venture	20,660	23,893
Share in loss/ (income) from an associates	2,198	(518)
Reversal of impairment of assets held for sale	-	(4,220)
Finance costs	73,484	53,293
Finance income	(3,371)	(3,205)
Provision for employees' defined benefits liabilities	13,274	23,157
Gain on termination of lease	(1,062)	-
Gain from sale of assets held for sale	-	(3,822)
loss from sale of property plant and equipment	78	-
Changes in financial assets at FVTPL	(566)	(159)
Cash flows after adjustment of non-cash items	328,295	206,229
Working capital adjustments:		
Inventories	(5,751)	(12,408)
Trade receivables and unbilled receivables	202,749	134,833
Due from related parties	2,158	(10,541)
Prepayments and other current assets	(15,577)	(5,068)
Other non-current assets	614	613
Trade payables	(118,552)	95,765
Due to related parties	(8,967)	10,891
Advance from customers	(115,881)	(87,180)
Accrued expenses and other current liabilities	125,215	19,830
Contract liabilities	(1,396)	(110)
Cash flows generated from operating activities	392,907	352,854
Employees' defined benefits liabilities paid	(4,396)	(16,397)
Zakat and income tax paid	(30,564)	(6,155)
Net cash flows generated from operating activities	357,947	330,302
INVESTING ACTIVITIES		
Purchasing investments at fair value through profit and loss	(588)	(765)
Proceeds from sale of property, plant and equipment	3,037	11,136
Purchase of property, plant, and equipment	(348,079)	(114,728)
Purchase of intangible assets	(4,544)	(23,218)
Net cash flows (used in) investing activities	(350,174)	(127,575)
Financing activities		
Proceeds from Murabaha financing	655,800	866,387
Repayment of Murabaha financing	(1,037,640)	(755,272)
Repayment of Finance costs	(15,945)	(38,012)
Finance income received	2,315	2,180
Repayment of lease liabilities	(71,690)	(15,958)
Net cash flows (used in)/generated from financing activities	(467,160)	59,325
Net (decrease)/ increase in cash and cash equivalents	(459,387)	262,052
Cash and cash equivalents at 1 January	991,859	410,130
Cash and cash equivalents at 30 September	532,472	672,182
Non Cash Transaction		

An amount of SAR 12.4 million has been excluded from trade payable for the purchase of fixed assets (Buses).

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 nine months period ended 30 September 2023

(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 Company 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 and chemical detergents of vehicles.

A Royal Decree No. (M/48) dated 22 Dhul-Hijjah 1399H (corresponding to 12 November 1979) was issued to grant Saudi Public Transport Company a franchise contract whereby the Company commits to transport passengers on public roads network both intra and inter-city throughout the Kingdom of Saudi Arabia for a period of fifteen Hijri years.

The Council of Ministers in its resolution No. (57) issued on 1 Jumada’ II 1414H (corresponding to 15 November 1993) approved the renewal of the franchise contract for a period of fifteen years starting from 1 Rajab 1414H. On 21 Jumada’ I 1429H (corresponding to 26 May 2008), the contract was renewed for another renewable five-year period starting from 1 Rajab 1429H (corresponding to 4 July 2008).

The Council of Ministers in its resolution No. (254) issued on 24 Rajab 1434H (corresponding to 3 June 2013) approved the extension of the franchise contract signed between the Government and Saudi Public Transport Company (SAPTCO), whereby the Company is committed to carry passengers by buses within and between cities in the Kingdom for a period of three years starting 1 Rajab 1434H (corresponding to 11 May 2013). The concerned governmental authorities shall have the right during that period to partially reduce the spatial coverage of the franchise contract based on the phases of issuing new tender for providing public transportation between the cities inside the Kingdom of Saudi Arabia.

On 29 Dhul-Hijjah 1436H (corresponding to 12 October 2015), the Council of Ministers approved the extension of the franchise contract, signed between the Government and Saudi Public Transport Company (SAPTCO) by virtue of the Royal Decree (No M/48 dated 23 Dhul-Hijjah 1399H) (corresponding to 13 November 1979), for a period of five years starting 1 Rajab 1437H (corresponding to 8 April 2016), and without giving the Company or any other Company any competitive advantage when issuing tenders for providing public transportation services between the cities of the Kingdom. On 27 Safar 1442H (corresponding to 14 October 2020), the Company received a letter from H.E. the Chairman of General Authority for Transport regarding the franchise contract included therein the approval of the Council of Ministers (initial approval) on which the assigned committee has reached regarding Company’s assets which includes an extension of the franchise contract for a year from 1 Rajab 1442H (corresponding to 13 February 2021) and the required terms for the final settlements by the Company regarding to the franchise contract as announced in the Company’s website and its announcements in Tadawul.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

1. INFORMATION ABOUT THE GROUP (CONTINUED)

Accordingly, the Board of Directors presented the terms mentioned in the approval of the Council of Ministers to Company's shareholders on the Ordinary General Assembly meeting that held on 29 Rabi' I 1442H (corresponding to 15 November 2020). Therefore, the Ordinary General Assembly has approved on the conclusion mentioned on the letter based on the agreement and the terms and conditions of the franchise contract. On 10 Shaban 1442H (corresponding to 23 March 2021), the final approval of the Council of Ministers was issued in accordance with the above-mentioned terms.

The Public Transport 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 begins 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. (Note 20).

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 is included in these consolidated financial statements:

Subsidiaries	Year of incorporation	Shareholding %		Principal activity	Country of incorporation
		30 September 2023	31 December 2022		
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%		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 nine months period ended 30 September 2023

(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 30 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 3 December 2014). The paid up capital of the Company is SAR 10 million. The principle activity of the company is executing King Abdulaziz Project for Public Transport in Riyadh.

Digital Mobility Solutions Company for Investments (100% owned by Saudi public transport Company) is a Limited Liability Company registered in Riyadh, the Kingdom of Saudi Arabia under commercial registration number 1010732875 dated 1 Muharram 1443H (corresponding to 9 August 2021). The paid-up capital of the company is 5 million Saudi riyals. 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 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 Group paid SAR 8.5 million as an equity during October, 2023.

The Company has also invested in the following associates and joint venture:

Investment in associates and a joint venture	Relationship	Shareholding		Principal activity	Country of incorporation
		30 September 2023	31 December 2022		
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 nine months period ended 30 September 2023

(Expressed in thousands of Saudi Arabian Riyals)

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed consolidated interim financial statements for the nine-months period ended 30 September 2023 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 2022 (“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 2023 and subsequent years

There are Standards issued but not yet effective as following:

The Company has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

New standard or amendments	Effective date
None – Current Liabilities with Covenants – amendments to IAS 1 And Classification of Liabilities as current or Noncurrent – amendments to IAS1	1 January 2024
Lease Liability in Sale and Lease back – Amendments to IFRS 16	
Sale and Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional effective date deferred indefinitely

These new and revised IFRSs are not expected to have a significant impact on the Company's financial statements.

c) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for ‘financial assets held at ‘FVOCI’ 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 and the going concern concept.

d) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (“SAR”), 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.

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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 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 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.

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4. SIGNIFICANT 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 2022.

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 government support 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 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 Limousine 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 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.

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 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 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 30 September 2023 and 31 December 2022, 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)

**For the period ended 30 September 2023
(Unaudited)**

	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
Total revenue (<i>Note 13</i>)	483,111	352,317	-	21,590	341,867	1,198,885	(1,470)	1,197,415
Cost of revenue (<i>Note 14</i>)	(317,393)	(358,704)	-	(53,517)	(235,276)	(964,890)	15,728	(949,162)
Gross profit/(loss)	165,718	(6,387)	-	(31,927)	106,591	233,995	14,258	248,253
Profit/(Loss) before Zakat and income tax	135,203	(59,839)	(31,941)	(48,862)	63,822	58,383	(3,223)	55,160

For the period ended

30 September 2022 (Unaudited)

	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
Total revenue (<i>Note 13</i>)	473,619	240,461	-	14,966	234,696	963,742	(1,092)	962,650
Cost of revenue (<i>Note 14</i>)	(307,635)	(266,196)	-	(51,479)	(201,992)	(827,302)	14,517	(812,785)
Gross profit/(Loss)	165,984	(25,735)	-	(36,513)	32,704	136,440	13,425	149,865
profit/(Loss) before Zakat and income tax	145,279	(52,949)	(84,611)	(55,130)	(17,331)	(64,742)	69,275	4,533

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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 30 September 2023 (Unaudited)								
Total assets	331,901	1,025,372	982,147	59,361	1,967,275	4,366,056	(172,338)	4,193,718
Total liabilities	233,472	847,141	277,475	206,160	1,962,655	3,526,903	(317,593)	3,209,310
Other disclosures:								
Property, plant and equipment buses and trucks	169,785	868,702	90,264	4,421	10,052	1,143,224	-	1,143,224
Investments in associates and joint venture	-	-	26,063	-	-	26,063	-	26,063
As at 31 December 2022 (Audited)								
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
Investments in associates and joint venture	--	--	46,723	-	-	46,723	-	46,723

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

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Property, plant, and equipment	1,089,021	889,847
Projects under construction	54,203	29,457
	<u>1,143,224</u>	<u>919,304</u>

During the nine months period ended 30 September 2023, the Group added property, plant, and equipment amounting to of SR 360.5 million (30 September 2022: SR 10 million).

7. INTANGIBLE ASSETS (net)

	30 September 2023	31 December 2022
	(Unaudited)	(Audited)
Software and licenses	43,152	46,616
Other intangible assets (a)	584,767	584,767
	<u>627,919</u>	<u>631,383</u>

a) Other intangible assets

Intangible assets represent the subsidiary's right to the residual value of the Riyadh Public Transport Project's buses and garages after the completion of the project. Under the contract, the Grantor (Royal Commission for Riyadh City) has an option to purchase these buses and garages at their net book value. If this option is not exercised, the subsidiary has the right to retain these buses and garages.

b) 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 received the signed Variation Order (3) by the Grantor and the Company, with an effective date of 17 March 2022. Accordingly, necessary adjustments have been reflected in the respective period, mainly:

- 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;
- Decrease in the Depots Construction revenue and cost with an amount of SR 80.8 million and SR 79.3 million, respectively;
- Increase in the Bus Procurement revenue and cost with an amount of SR 111 million; and
- Change in profit margin in performance obligation for Bus Operations.

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8. UNBILLED RECEIVABLES

	30 September	31 December 2022
	2023	(Audited)
	(Unaudited)	(Audited)
Unbilled receivable	929,382	1,278,217

Unbilled receivables are revenue recognized but not yet billed. The Company 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 30 September 2023, the Company received an amount of SR 566 million (31 December 2022: SR 1,065 million) according to the payment schedule.

9. SHARE CAPITAL AND RESERVES

Share capital

As at 30 September 2023, the fully paid-up share capital of the Group 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.

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- The Group has entered into Murabaha arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2018 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. The Group has obtained these loans in order to finance the procurement of buses.
- B- During 2019, the 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 the period ended 30 September 2023, the Company has paid SAR 30 million. The total repayment made is SAR 120 million as of 30 September 2023.
- C- During 2020, the PTC entered into an agreement with a local bank for long-term Murabaha facilities amounting to SAR 800 million with a maturity of seven years due in quarterly payments that was initially supposed to start from the first quarter of 2022, refer note (E) below. The facilities have been fully withdrawn.
- D- During 2020, the PTC entered into an agreement with a local bank for short-term Murabaha facilities amounting to SAR 150 million with a maturity of 1 year out of which the Company has withdrawn SAR 70 million as at the period end. This was initially due at maturity in the second quarter of 2022. Refer to note (E) below.
- E- During 2021, the PTC Company has signed an extension agreement with a local bank related to long-term Murabaha facilities mentioned above from (SAR 800 million and SAR 150 million) to SAR 1,150 million and withdrew an additional amount of SAR 200 million during the year 2021. This loan has been rescheduled with a maturity period of nine years due in quarterly payments that will start from the first quarter of 2023. The total amount of loan utilized out of this facility remains at SAR 1,122 million as at the period ended 30 September 2022. During the period ended 30 September 2023, the Company has repaid SAR 550 million. The facilities are subject to SAIBOR plus 1.5%.

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10. MURABAHA FINANCING (CONTINUED)

Short-term Murabaha Loans

During 2023, the Company has obtained short-term bank facilities from local banks amounted to SAR 300 million in the form of Murabaha to finance operating activities.

During 2022, the PTC obtained a short-term loan of SAR 27.5 million out of the total short-term facility of SAR 28 million. During the period ended During 2022, the Company has repaid the short-term loan of SAR 27.5 million. The remaining SAR 0.5 million is already availed against credit cards.

As at 30 September 2023, the balance for Murabaha Loans withdrawn therefrom amounted to SAR 1,250 million (31 December 2022: SR 1,632 million).

Murabaha and long-term financing are as follows:

	<u>Currency of the loan</u>	<u>Maturity date</u>	<u>Credit limit</u>	30 September 2023 SR'000	31 December 2022 SR'000
Local Bank 1	SR	2028	1,350,000	642,000	1,249,500
Local Bank 2	SR	2022	250,000	-	135,771
Local Bank 3	SR	2024	83,000	13,883	26,303
Local Bank 4	SR	2025	101,000	40,317	-
Local Bank 4	SR	2027	150,000	115,333	1,128
Local Bank 5	SR	2028	196,000	179,965	12,499
Local Bank 5	SR	2028	159,850	157,136	55,475
Total value				1,148,634	1,480,676
Less: Current portion of long-term Murabaha				(275,319)	(445,300)
Net change in deferred interests costs				-	-
Non-current portion of long-term Murabaha				873,315	1,035,376

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

	<u>Currency of the loan</u>	<u>Credit limit</u>	30 September 2023 SR'000	31 December 2022 SR'000
Local Bank 1 - Current balance of long-term Murabaha	SR	1,350,000	140,000	367,500
Local Bank 3 - Current balance of long-term Murabaha	SR	83,000	13,883	1,127
Local Bank 4 - Current balance of long-term Murabaha	SR	101,000	20,814	12,490
Local Bank 4 - Current balance of long-term Murabaha	SR	150,000	28,726	16,600
Local Bank 5 - Current balance of long-term Murabaha	SR	196,000	39,330	20,357
Local Bank 5 - Current balance of long-term Murabaha	SR	159,850	32,566	27,594
Short-term Murabaha financing from local banks	SR	300,000	101,040	150,838
Total value			376,359	596,506
Net change in deferred interests costs			-	(368)
Total short-term Murabaha financing and current portion of long-term Murabaha			376,359	596,138

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10. MURABAHA FINANCING (CONTINUED)

A summary of the Murabaha transaction is as follows:

	30 September 2023 <u>SR'000</u>	31 December 2022 <u>SR'000</u>
Balance at beginning of the period / year	1,631,514	1,556,704
Proceeds during the period / year	655,800	1,021,136
Re-payments during the period / year	<u>(1,037,640)</u>	<u>(946,326)</u>
Balance at the end of period / year	<u>1,249,674</u>	<u>1,631,514</u>

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

	30 September 2023 <u>SR'000</u>	31 December 2022 <u>SR'000</u>
Short-term Murabaha financing	101,040	150,838
Murabaha financing	275,319	445,300
Non-current portion recognized under non-current liabilities	<u>873,315</u>	<u>1,035,376</u>
	<u>1,249,674</u>	<u>1,631,514</u>

11. ADVANCE FROM CUSTOMER

The Company 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 236 million and SR 942 million, respectively (31 December 2022: SR 241 million and SR 1,054 million, respectively). The value of the advance payment is amortized according to the completed works by the Public Transportation Company, with a percentage of the total cumulative work submitted.

12. ZAKAT AND INCOME TAX

a) Zakat

Zakat is calculated based on the zakat base of the company and its subsidiaries separately. The company submitted the final zakat returns until 2022 and obtained the necessary zakat certificates until 31 December 2022. 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.

b) Income tax

The subsidiary has submitted the zakat and tax return to the Zakat, Tax and Customs Authority (“the Authority”) until 2022. No zakat or tax assessment has yet been made by the authority.

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13. REVENUE

	For the three-months period ended 30 September		For the nine months period ended 30 September	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	185,561	60,379	341,867	234,696
Revenue from passenger transport	140,842	148,942	426,810	419,615
Revenue from specialized services	84,392	120,166	351,816	240,461
Revenue from government support (*)	14,945	16,460	56,301	54,004
Revenues from digital mobility solutions	6,109	7,031	20,621	13,874
	431,849	352,978	1,197,415	962,650

(*) 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 Public Transport Authority.

The total of the annual support amount SAR 36.5 million which was disbursed in equal monthly installments. Due to the ends 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 supports up to March 2023 amounting to SAR 7.1 million. 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 Public Transport Authority. The total of the annual support amount was SR 20 million which was disbursed in equal monthly installments. The total of period support amount for the nine months period ended 30 September 2023 was SR 15.3 million.

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, 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 support amount for the nine months period ended 30 September 2023 was SR 13.3 million.

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13 REVENUE (CONTINUED)

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 support amount for the nine months period ended 30 September 2023 was SR 19.5 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 support amount for the period ended 30 September 2023 was SR 1.1 million without VAT.

14. COST OF REVENUE

	For the three-month period ended 30 September		For the nine months period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	89,324	49,754	220,516	186,158
Salaries and other related expenses	86,477	97,334	298,422	283,350
Depreciation charge	44,952	41,570	132,754	119,713
Bus repairs and maintenance	38,317	34,050	114,567	89,692
Visa and iqama fees	8,477	7,060	33,025	24,368
Contractual services	34,027	24,431	93,492	60,308
Maintenance and general fees	6,921	5,604	17,855	14,663
Rent	1,890	4,477	12,677	11,871
Impairment of slow-moving inventories	-	-	1,668	500
Amortization	1,597	1,107	4,817	3,019
Property insurance expense	384	734	4,747	5,902
Others	3,393	6,180	14,622	13,241
	<u>315,759</u>	<u>272,301</u>	<u>949,162</u>	<u>812,785</u>

15. OTHER INCOME

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Gains on the sale of assets held for sale	-	-	-	3,822
Reversal of Zakat provision	-	-	12,804	24,296
Gains on sale of scrap	181	217	425	552
Penalties on suppliers	962	354	3,188	699
Rental income	1,239	1,524	4,494	2,708
Advertising revenue on intra-city transport busses	-	-	-	1,050
Others	589	932	5,870	6,087
	<u>2,971</u>	<u>3,027</u>	<u>26,781</u>	<u>39,214</u>

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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:

	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Transaction for the nine-months period ended</u>	
			<u>30 September 2023</u> <u>(Unaudited)</u>	<u>30 September 2022</u> <u>(Unaudited)</u>
<u>Related party</u>				
Saudi Emirates Integrated Transport Company (SEETCO)	A joint venture	Finance income	1,056	1,025
		Share in (loss) of the joint venture	(20,660)	(23,893)
		Sold of buses	-	11,136
		Services rendered	2,980	1,677
Capital Metro Company Ltd (CAMCO)	An associate	Share in (loss) / profit of the joint venture	(2,198)	518
RATP Development (French company)	Non-controlling interests of the subsidiary	Services rendered	5,440	4,863
RATP Dev Saudi Arabia (LLC)	Non-controlling interests of the subsidiary	Services rendered	30,800	34,498

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

	<u>Recognized under</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
<u>Related party</u>			
Saudi Emirates Integrated Transport Company	Due from related parties	104,858	105,960
Capital Metro Company Ltd (CAMCO)	Due from related parties	738	738
RATP Development (French company)	Due to related parties	4,142	8,773
RATP Dev Saudi Arabia (LLC)	Due to related parties	8,914	13,250

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16. RELATED PARTIES (CONTINUED)

The joint venture

During 2014, the Company has funded the operating activities of Saudi Emirates Integrated Transport Co., Ltd. (“SEITCO”) in an amount of SR 30 million. This amount is not subject to any interest and an amount of SR 20 million from the value of the loan has paid up to 30 September 2023 and management expects to pay the remaining amount during 2024 and 2025. 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 2024 and 2025.

During 2019, the Company sold 350 buses with an amount of 33.63 Million Saudi Riyals to Saudi Emirates Integrated Transport Company (SEITCO) to be paid in annual instalments, this balance has been classified under current assets as the Company expects to collect the amount during the next year.

During 2022, SAPTCO sold 192 busses with an amount of 13.2 Million Saudi Riyal to SEITCO, and the total amount was collected.

During 2022, SAPTCO provided two loans to SEITCO amounting to (9.7) Million Saudi Riyal for financing its operation and purchasing busses, and the agreement stated that the payment will be collected within 12 months.

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

Transactions with key management personnel:

	30 September 2023	30 September 2022
Board expenses and allowances	882	1,378
Compensations of the key management personnel *	13,074	10,978

*Compensations of the key management personnel:

	30 September 2023	30 September 2022
Short-term employees’ benefits	12,485	10,500
Long-term benefits	589	478
	13,074	10,978

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.

	30 September 2023 (Unaudited)		31 December 2022 (Audited)	
	Financial assets at amortized cost	Other Financial liabilities	Financial assets at amortized cost	Other Financial liabilities
		Total		Total
Financial assets not measured at fair value				
Trade receivables, net	365,259	365,259	224,898	-
Due from related parties	105,596	105,596	106,698	-
Cash and cash equivalents	532,472	532,472	991,859	-
Unbilled receivables	929,382	929,382	1,278,217	-
	<u>1,932,709</u>	<u>1,932,709</u>	<u>2,601,672</u>	<u>-</u>
				<u>2,601,672</u>
Financial liabilities not measured at fair value				
Murabaha Loans	-	1,249,674	-	1,631,514
Amounts due to related parties	-	13,056	-	22,023
Trade and retention payables	-	75,036	-	181,145
Lease liabilities	-	43,089	-	83,031
Accrued expenses and other current liabilities	-	440,479	-	313,066
	<u>-</u>	<u>1,821,334</u>	<u>-</u>	<u>2,230,779</u>
				<u>2,230,779</u>

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18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at September 30, 2023, the banks that the Group deals with on its behalf, during the normal business cycle, issued guarantees, acceptances, and letters of credit with a maximum amount of 1,971 million Saudi riyals (December 31, 2022: 2,136 million Saudi riyals).

The Group will be required to invest SAR 8.5 million as a share capital in SAT Transport Company.

19. ASSETS HELD FOR SALE

During the period ended on 30 September 2023, the Group's management decided to sell some of its assets (buses) that are used in passenger transportation services, and their net book value as of that date amounted to SAR 7.3 million, according to the minutes of the Board of Directors meeting No. 370 dated 14 September 2023, accordingly, these assets were reclassified as assets held for sale. The recoverable amount of those buses was estimated to be SAR 8.0 million.

20. SUBSEQUENT EVENTS

On 15 October 2023, the intercity bus transportation services of SAPTCO in the Kingdom of Saudi Arabia comes to an end. The authority has divided it into three concession areas. The consortium of SAPTCO and NEX Continental Holdings won the intercity concession for Southern region of the Kingdom of Saudi Arabia to transport passengers by buses. The concession will be operated through a new company called SAT Transport Company with a share capital of SAR 10 million. SAPTCO owns 85% shares of the new company.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 23 Rabi'II, 1445 H (Corresponding to 7 November 2023).