

2023

Annual Report



SAPTCO Memberships



The International Association of
Public Transport



Arab Union of
Land Transport



National Association for
Pupil Transportation



International Road
Transport Union

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques
King Salman bin Abdulaziz



His Royal Highness
Prince Mohammed bin Salman bin Abdulaziz
Crown Prince, Prime Minister

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HE. Eng. Khalid bin Saleh Almudaifer
Deputy Minister of Industry and Mineral Resources for Mining Affairs
Chairman of the Board of Directors



HE. Musaed bin Abdulaziz Aldawood
Vice Chairman



Eng. Khalid bin Abdullah Alhogail
MD - CEO



HE. Lt. Gen. Mohammed bin Abdullah Al-Bassami
Ministry of Interior Representative - Board Member
Started on 4/5/2023



Maj. Gen. Zayed bin Abdurrahman Altuwayan
Ministry of Interior Representative - Board Member
Ended on 4/5/2023



Dr. Saud bin Mohammed Alnimir
Board Member



Mr. Abdulaziz bin Musaed Almusaed
Ministry of Finance Representative
Board Member



Mr. Turki bin Musaed Almubarak
Board Member



Mr. Yasser bin Suleiman Aldawood
Public Investment Fund Representative
Board Member



Mr. Walid Abdurrahman Alhabib
Board Member



Mr. Abdullah bin Ibrahim Alsaleh
Ministry of Commerce Representative
Board Member

Chairman's Statement

On my own behalf and on behalf of my fellow board members, I am pleased to present to you the SAPTCO annual report for the fiscal year 2023, which highlights SAPTCO's achievements and initiatives towards achieving its ambitious goals. Despite the challenges and rapid shifts in various types of the development of the transport sector, which has witnessed major structural improvements and steady growth in all aspects of services. Today, SAPTCO starts a new turn after all these busy years of SAPTCO being the first and only national land carrier in the Kingdom for more than 45 years, towards implementing the right plans and strategies to deal with the market with more efficient and quality transportation concepts through expanding into the digital mobility solutions market and its various media, as well as in other sectors like maintenance services, relying on its cumulative experience and on sharing knowledge and technology through their global partners, allowing it to provide integrated transportation solutions. SAPTCO worked to develop its strategic plan for business sectors to benefit from the growth opportunities of the Kingdom's ambitious 2030 vision by launching a number of new initiatives and establishing the foundations of continued growth. The most prominent of these initiatives were:

- **The public transport network services expansion within the cities:** We have expanded public transport services within the cities by intensifying projects in order for our service lines to cover the main cities in the Kingdom (Jeddah Governorate - Madinah - Dammam Metropolis and Qatif Governorate - Taif City - Buraidah City and Unaizah Governorate - Jazan Metropolis). In addition to signing the contract to operate the transportation network in the city of Tabuk, to reach more than (9.1) million [bus transportation service passengers] during the year 2023, which supports achieving the National Strategy goals for Transport and Logistics Services towards raising the share of the use of public transportation in the Kingdom to 15% by 2030, providing more transportation options and providing high-quality services according to the safety and highest quality standards.
- **Signing the contract for intercity bus transportation in the Kingdom:** By forming [an alliance through one of our subsidiary companies "SAT" with a percentage of (85%) and "NEX Continental Holdings" Spanish company by (15%)] for transporting passengers by buses between cities in the Southern Region, we strengthened our operational capabilities in the intercity buses' transportation market. A bus fleet consisting of (129) modern and diverse buses supported by (4) bus accommodation and maintenance centers has been prepared in order to be ready to provide the best transportation services and logistic support for a period of (10) years and to serve approximately (1.8) million passengers annually.
- **Enhancing our technological capabilities:** By applying the latest technologies in the transportation field, we continued investing in developing technological capabilities. Today SAPTCO provides an Intelligent Transportation Systems (ITS) use, which includes the transportation fleet monitoring and electronic fare collection system in public transport buses aiming to improve the quality of public transport services and activating monitoring the transportation means. In this regard, SAPTCO operates various self-driving vehicles and electric buses to support sustainability and providing modern energy services.
- **Developing our provided services:** We were keen to develop our services, by developing our complementary services such as maintenance and technical support for different types of vehicles, by providing corrective and preventive maintenance services, as well as road maintenance mobile workshop services. We also worked to utilize SAPTCO's cumulative academic experience by training drivers to enhance their skills using advanced training and educational programs. The most prominent program is advanced driving simulators (SIMULATOR), to conduct practical training and simulate climatic conditions.

Despite the challenges due to the Coronavirus (Covid-19) pandemic, which had a major impact on the transportation sector, we continued working on the recovery in order to reduce its negative impact, which played a role in reducing costs, reducing expenses, and ensuring the integration of the company's activities and continuing its operations, which was reflected in our financial results reaching the company's revenues SR 1.57 Bn, which is a 18.96% increase compared to the 2022 SR 1.3 Bn revenues. The net losses in 2023 will be SR (24) Mn compared to the net losses in 2022 SR (96) Mn. We continue to move forward towards a more sustainable future. In addition, you can find out more in the annual report of 2023.

In conclusion, and on behalf of the Board of Directors, I would like to express our gratitude to the wise leadership for its support of the land transport sector and the economy in general, and to our shareholders for their trust in and support of the Board of Directors, and to our dear partners and customers for believing in us to always be at the front of this sector.

Chairman of the Board of Directors



The image shows the interior of a bus. The seats are upholstered in black fabric with orange leather-like accents on the headrests and side panels. The headrest of the seat in the foreground has the SAPTCO logo and name in Arabic and English. A white tray table is attached to the seat. The background shows a window with a view of greenery outside.

سابتكو
SAPTCO

Board of Directors' Report

To the Honorable Shareholders of Saudi
Public Transport Company
For the year ended on 31 December 2023

1) Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof:

Saudi Public Transport Company (SAPTCO) is committed to applying the provisions contained in the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and the Company has also prepared and approved its Governance Regulations from the Ordinary General Assembly of Shareholders.

The Company has applied all the provisions contained in the Corporate Governance Regulations except for the articles shown in the table below: -

Sr.	Article/Para. No.	Para. Status	Article/Paragraph Text	Inapplication Causes
1	Article 39 Paragraph (e)	Instructive	The Board of Directors shall make the necessary arrangements to obtain a competent third-party evaluation of its performance every three years.	The board is self-evaluated, and coordination will be made with a competent external body if necessary.
2	Article 51 Paragraph (b)	Instructive	The Chairman of the Audit Committee shall be an independent member.	Chairman of the Audit Committee Mr. ALAA ALFADAA non-Board member.
3	Article 51 Paragraph (d)	Instructive	Half of the audit committee's members must be Independent Directors or from those on whom the issues affecting independence	An independent board member was appointed, in addition to, members from outside the board were appointed.
4	Article 70	Instructive	A committee called the Risk Management Committee shall be formed by a decision of the Board of Directors.	The BoD sees the importance of taking the aforementioned committee into consideration, as the GRC Department is responsible for carrying out the R&Rs and reported them to the Audit Committee.
5	Article 71 Article 72	Instructive	The terms of reference of the Risk Committee and the meetings of the Risk Committee.	Not applicable due not forming a Risk Management Committee.
6	Article 82	Instructive	The Company develops programs to develop and stimulate participation and performance of the Company's employees.	The Company has developed the necessary programs to share and discuss workers' views, and has developed a program to grant workers annual incentives, and will work to study the establishment of social institutions for workers in the Company if necessary.
7	Article 84	Instructive	The Ordinary General Assembly, upon the proposal of the Board of Directors, shall establish a policy that ensures a balance between its objectives and the objectives that society aspires to achieve.	The Company participates in many community programs and activities, and the Company is studying the preparation of a Social Responsibility policy.
8	Article 85	Instructive	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company.	The Company will develop the performance indicators in the field of social initiative after approving the Social Responsibility policies by the General Assembly of Shareholders.
9	Article 92	Instructive	Formation of the Corporate Governance Committee.	An independent committee was not formed, and GRC department is responsible for carrying out related tasks.

2) Names, qualifications, experiences, and current and previous positions of the Board and Committees' members and the Executive Management.

A. Table showing the names of the Board members, their current and previous membership, positions, qualifications and experience as at 31 December 2023

Sr.	Member Name	Current Positions	Previous Positions	Qualifications	Experiences
1	HE. Eng. KHALID ALMUDAIFER	<ul style="list-style-type: none"> Deputy Minister of Industry and Mineral Resources for Mining Affairs. Chairman of the Board – Saudi Public Transport Company. Chairman of the Investment and Strategy Committee – Saudi Public Transport Company. Chairman of the Board of Digital Mobility Solutions Company for Investments – a wholly owned subsidiary of SAPTCO. 	Chairman of Saudi Arabian Mining Company (Maaden).	<ul style="list-style-type: none"> Bachelor of Civil Engineering, King Fahd University of Petroleum and Minerals. Master of Civil Engineering, King Fahd University of Petroleum and Minerals. Postgraduate Diploma in Global Business, University of Oxford. 	<ul style="list-style-type: none"> Vice President of Finance /Sector Manager for Financial Management Eastern Petrochemical Company, a SABIC company. Chairman of Qassim Cement Company. Vice President of Phosphate Unit and Vice President of Business Development 2006 - 2011 (Maaden). Chairman of Saudi Arabian Mining Company (Maaden) and Chief Executive Officer from 2011 - 2018. Deputy Minister of Industry and Mineral Resources for Mining Affairs 2018 to date.
2	HE. MUSAD AL-DAWOOD	<ul style="list-style-type: none"> Secretary of the Holy Makkah. Deputy Chairman of the Board – Saudi Public Transport Company. Chairman of the Remuneration and Nomination Committee - Saudi Public Transport Company. 	Mining Development Agent – Ministry of Industry and Mineral Resources.	Bachelor of Computer Science in Information Systems - King Saud University 1999.	<ul style="list-style-type: none"> Director of the Knowledge Management Center of the Saudi Commission for Tourism and Antiquities (KSA) from 2003 to 2008. Chief Executive Officer of Najm Insurance Services from 2008 to 2011. Chief Executive Officer of Tammam Company for Facilities Maintenance and Cleaning Services (KSA) from 2011 to 2017. Vice President of Operations - Riyadh Airports Company. Undersecretary for Support Services – Ministry of Human Resources and Social Development. Mining Development Agent – Ministry of Industry and Mineral Resources.
3	Major General. ZAYED ALTUWAYAN*	Deputy Director of Public Security.	Commander of Hajj Security Forces.	<ul style="list-style-type: none"> Bachelor of Security Sciences, King Fahd Security College. Master of Criminal Justice Naif Arab University for Security Sciences. 	<ul style="list-style-type: none"> Public Security Training Affairs 1405 AH. Riyadh Police 1414 AH. Director of Operations Department of the Special Forces for Road Security 1414 AH. Commander of the Special Forces for Road Security in Riyadh 1418 AH. Deputy Commander of the Special Forces for Road Security 1436 AH. Commander of the Special Forces for Road Security 1437 AH. Assistant to the Commander of the Hajj Security Forces 1437 AH. Assistant to the Director of Public Security for field supervision of the Hajj and Umrah 1440 AH. Commander of the Hajj Security Forces 1441 AH. Deputy Director of Public Security 1441 AH.

Sr.	Member Name	Current Positions	Previous Positions	Qualifications	Experiences
4	HE. Lieutenant General Mohammed bin Abdullah Al-Bassami**	Director of Public Security.	Commander of the Special Forces for Hajj and Umrah Security.	Bachelor of Computer Science in Information Systems.	<ul style="list-style-type: none"> Commander of the Special Forces for Hajj and Umrah Security 2021 - 2022. Director of the General Directorate of Traffic 2017 - 2021. Director of the General Department of Hajj and Umrah Affairs at the Ministry of Interior 2016 - 2017 Director of the Traffic Plans Division, Traffic Department, General Directorate of Traffic, 2015 - 2017. Work in Operations Affairs at the Ministry of Interior 2014 - 2015. Assistant Director of Hajj and Umrah Department at Public Security 2011 - 2014. Commander of the Procession Security Force 2000 - 2011. Participated in many Awadiyas and committees (Member of the Board of Directors of the Transport Authority - Coordinator of the Executive Committee for Transport in the programs of serving the guests of Rahman - Member of the Executive Committee for Traffic Safety).
5	Mr. ABDULAZIZ ALMOAAD	Assistant Undersecretary for Budget Performance and Director General of the Permanent Working Group at the Ministry of Finance.	Head of the Vision Realization Office at the Ministry of Labor and Social Development.	<ul style="list-style-type: none"> Bachelor of Science in Food and Nutrition, King Saud University 2002. MBA from Suffolk University of Boston USA 2008. 	<ul style="list-style-type: none"> Automated Operations Operator (Saudi Arabian Spring Food Company) February 2002 – August 2002. Supervisor of the production process (Saudi Spring Food Company) 2002 - 2003. Director General of the General Department of Materials (Saudi Arabian Spring Food Company) 2003 - 2005. Specialist Office of Strategic Management (Arabian Agricultural Services Company (ARASCO) 2009 - 2010. Director General of the Office of Strategic Management (Arabian Agricultural Services Company (ARASCO) 2010 - 2015. President of ALEMAR International - Arabian Agricultural Services Company (ARASCO) 2013 - 2016. Director General of the Strategic Transformation Office (Ministry of Labor and Social Development) 2016 - 2018. Head of the Vision Realization Office (Ministry of Labor and Social Development) 2017 - 2018. Assistant Undersecretary for Budget Performance and Director General of the Permanent Working Group (Ministry of Finance) 2018 to date.

Sr.	Member Name	Current Positions	Previous Positions	Qualifications	Experiences
6	Dr. SAUD ALNIMIR	Chairman, House of National Consulting.	Professor at the Department of Public Administration and Dean of the Faculty of Administrative Sciences at King Saud University.	<ul style="list-style-type: none"> Bachelor of Accounting and Business Administration, King Saud University, 1393 AH. Master of Public Administration, University of Missouri, 1396 AH. Doctorate Degree in Public Administration University of Florida USA 1401 AH. 	<ul style="list-style-type: none"> Assistant, Department of Business Administration, King Saud University, 1393 AH. Assistant Professor, Department of Business Administration, King Saud University, 1401 AH. Associate Professor, Department of Business Administration, King Saud University, 1409 AH. Professor of Business Administration Department (with distinction) King Saud University from 1416 AH to 1429 AH. Retired university professor, King Saud University, starting from 01/07/1429 AH.
7	Mr. ABDULLAH ALSALEH	Assistant Undersecretary for Planning and Development and Advisor to the Minister of Commerce- Ministry of Commerce.	Head of the founding team of the Saudi Authority for Intellectual Property (SAIP).	<ul style="list-style-type: none"> Bachelor of Information Systems, King Saud University, 2008. Master of Information Systems, King Saud University, 2013. 	<ul style="list-style-type: none"> Analyst and business developer at Prince Sultan bin Abdulaziz Humanitarian City 2008-2012. Project Portfolio Manager at Thiqa Business Services 2012-2017. Head of the founding team of the Saudi Authority for Intellectual Property (SAIP) 2017 - 2018. Head of the founding team of the Saudi Economic Business Center 2018 - 2019. Assistant Undersecretary of the Ministry of Commerce for Planning and Development – from May 2019 to date. Advisor to the Minister of Commerce from October 2017 to date.
8	Mr. TURKI ALMUBARAK	Private Business.	Part-time financial advisor at AlYemni Group.	Bachelor of Accounting, King Saud University, 2003.	<ul style="list-style-type: none"> Assistant Director in Investment Management Samba Financial Group from 2003 to 2004. Director of Investment Department, Samba Financial Group from 2004 to 2006. Part-time financial advisor at AlYemni Group. Managing Partner at Alasenah Trading Company.

Sr.	Member Name	Current Positions	Previous Positions	Qualifications	Experiences
9	Mr. YASSER AL-DAWOOD	Head of Planning and Operations for Middle East and North Africa Investments at the Public Investment Fund.	Head of the Project Management Office at the Public Investment Fund from 2020 to 2021.	<ul style="list-style-type: none"> • Bachelor of Industrial Engineering in 2007 from King Saud University. • MBA in 2011 from the University of Portsmouth in the United Kingdom. 	<ul style="list-style-type: none"> • Material Planner and Controller -Advanced Electronics Company Limited from 2007 to 2009. • Consultant PricewaterhouseCoopers (UK) 2010. • Project Manager at the Saudi Food and Drug Authority from 2011 to 2012. • Senior Project Manager, Ministry of Health from 2012 to 2013. • Director of PricewaterhouseCoopers from 2013 to 2014. • General Manager of Al Ayala Contracting Est 2015. • Director of Strategy – Ministry of Commerce and Investment from 2015 to 2016. • Director of the Vision Realization Office – Ministry of Transport from 2016 to 2017. • Undersecretary for Implementation Support – Ministry of Transport from 2017 to 2018. • Undersecretary for Planning and Information – Ministry of Transport from 2018 to 2019. • Head of Project Management Office – Public Investment Fund from 2020 to 2021. • Head of Planning and Operations for MENA Investments – Public Investment Fund from 2021 to date.
10	Mr. WALID ALHABIB	Management of institutions, real estate companies and contracting.	Management of institutions, real estate companies and contracting.	Bachelor of International Business Administration 2010 from King Abdulaziz University.	Management of institutions, real estate companies and contracting.

Sr.	Member Name	Current Positions	Previous Positions	Qualifications	Experiences
11	Eng. KHALID ALHOGAIL	Managing Director and Chief Executive Officer of Saudi Public Transport Company.	Director General of Saudi Public Transport Company.	Bachelor of Civil Engineering, King Saud University.	<ul style="list-style-type: none"> • CEO and MD of Saptco, from 2006. • President of the International Association of Public Transport (UITP), Brussels, from 2021. • Chairman of the Board of Directors of the Arab Transport Union of the League of Arab States (AULT), from 2021. • Chairman of the Saudi-Spanish Business Council, from 2022. • Chairman of the Saudi French Public Transport Company (PTC), from 2014. • Chairman of the Saudi Emirati Integrated Transport Company BOD (SEITCO), from 2014. • Chairman of the SAPTCO ALSA for Transportation (SAT), from 2023. • Vice Chairman of Digital Transport Solutions (DMS) BOD, from 2021. • Vice Chairman of the Board of Directors of the Capital Metro Company (CAMCO), from 2019. • Member of advisory Council of the Riyadh Region Municipality, from 2023. • Member of the Board of Directors of the Social Development Bank (SDB), from 2023. • Member of the Board of Directors of the Saudi Center for Economic Business, from 2022. • Member of the Board of Directors of the National Competitiveness Center (NCC), from 2022. • Member of the Logistics Strategic Partnership Council (MOLTS), from 2021. • Member of the Saudi French Business Council, from 2012. • Member of the Board of Directors of Hamad M. Aldrees & Partners Co. for Industry & Mining, from 2022. • Member of the National Logistics Committee, Federation of Saudi Chambers (FSC), from 2020. • Member of the Saudi Management Association, from 2002. • Member of the Saudi Council of Engineers, from 2000. • Legion of Honor, rank of knight, from the French Republic - Paris 2023. • In 2021 awarding the Man of the Year of the International Road Federation (IRF) - Washington. • Chairman of the National Committee for Joint Stock Companies (CSC), 2009 - 2017. • Member of BOD, Transport General Authority (CSC), 2015 - 2018. • President of International Association of Public Transport of the Middle East (UITP-MENA), 2016 - 2021. • Deputy Chairman of BOD, the Arab Transport Union of the League of Arab States (AULT), Arab League, 2016 - 2021. • Member of the Board of Directors of the Public Transport Authority (TGA) 2015 - 2018. • Member of advisory Council of the Minister of Hajj (MHJJ), 2016 - 2019. • Member of the International Road Union (IRU), 2016 - 2019. • Member of the American National Student Transportation Association (NAPT), 2014 - 2017. • Member of the National Committee for Tourism, 2009 - 2016. • Member of the Saudi Russian Business Council, 2015 - 2017. • Member of the Saudi Bahraini Business Council, 2014 - 2016. • Member of the BOD, Saudi Bahraini Company, 2008 - 2010.

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

B. A table showing the names of the members of the Board committees, their current and previous positions, qualifications and experience as at 31 December 2023:

B-1) Remuneration and Nomination Committee:

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	HE. MUSAD AL-DAWOOD	Their current and previous positions, qualifications and experience are listed under (a) above for directors.			
2	Mr. YASSER AL-DAWOOD				
3	Mr. ABDULLAH ALSALEH				
4	Mr. WALID ALHABIB				

B-2) Audit Committee:

Sr.	Member name	Current Positions	Previous Positions	Qualifications	Experiences
1	Mr. ALAA ALFADAA*	Undersecretary for Common Services – Ministry of Industry and Mineral Resources.	Assistant Undersecretary for Budget Performance and Implementation – Ministry of Finance.	<ul style="list-style-type: none"> Bachelor of Administrative Sciences in Accounting, King Saud University, 2003. Master's Degree in Applied Finance, University of Newcastle - Australia 2009. 	<ul style="list-style-type: none"> Financial Controller at the General Organization for Social Insurance from 2003 to 2009. Director of the Internal Audit Department at Granada Investment Center from 2004 to 2006. Director General of Financial Control at the General Organization for Social Insurance from 2010 to 2015. Director General of Financial Affairs at the Communications and Information Technology Commission from 2015 to 2017. Executive Advisor for Financial Planning and Budgeting at the Ministry of Finance from 2017 to December 2019. Assistant Undersecretary for Budget Performance and Implementation at the Ministry of Finance from January 2019 to 2020. Board member of a number of companies and government institutions.
2	Mr. ABDULAZIZ ALMOSAAD**	His current and previous positions, qualifications and experience are listed under (a) above of the directors.			
3	Mr. BAKER ALHABOUB*	Undersecretary for Policy and Legislation - Ministry of Investment.	Director General of Governance, Risk and Compliance (Saudi Arabian Mining Company), and the founding Secretary General of the Saudi Bar Association.	<ul style="list-style-type: none"> Bachelors degree – Sharia – Imam Muhammad bin Saud Islamic University – 2000. Master – Judiciary – Higher Institute of Judiciary – 2004. LL.M. - Law - University of Nottingham - 2009. Executive Leadership Diploma, INSEAD Business School, December 2015. 	<ul style="list-style-type: none"> Practicing lawyer from 2000 to 2005. Legal Advisor held a number of duties in the Capital Market Authority, the last of which was Director of Studies of the Appeals Committee for Securities Disputes from 2005 to 2012. Founding Secretary General of the Saudi Bar Association from 2016 to 2019. Legal Advisor held a number of duties in the Saudi Arabian Mining Company, the most recent of which was the General Manager of Governance, Risk, and Compliance from 2012 to 2022. Undersecretary for Policy and Legislation - Ministry of Investment.

Sr.	Member name	Current Positions	Previous Positions	Qualifications	Experiences
4	Mr. MESHAL ALMUQRIN*	CEO (Diamond Concept Company Ltd).	Tawuniya Insurance – Head of Internal Audit from 2012 - 2017.	<ul style="list-style-type: none"> Bachelor's Degree - Accounting - King Saud University - 1999. Masters – Business Administration - University of Central Lancashire (UK) - 2007. 	<ul style="list-style-type: none"> Chairman of the Audit Committee – Deutsche Gulf Finance – Closed Joint Stock Company. Board Member and Member of the Audit Committee of Zahrah Alwaha for Trading Co– Joint Stock Company. Member of the Audit Committee – Register for Registration of Contracts – Closed Contribution. 2002 - 2004: KPMG – Review Supervisor. 2007 - 2009: Gulf Capital – Head of Internal Audit. 2012 - 2017: Tawuniya Insurance – Head of Internal Audit. 2017 - present: Diamond Concept Company Ltd – Chief Executive Officer.

* Non-Board member of the Audit Committee.

**Independent Board member

B-3) Investment and Strategy Committee:

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	HE. Eng. KHALID ALMUDAIFER	Their current and previous positions, qualifications and experience are listed under (a) above for directors.			
2	Major General. ZAYED ALTUWAYAN*				
3	Dr. SAUD ALNIMIR				
4	Mr. TURKI ALMUBARAK				
5	Eng. KHALID ALHOGAIL				

* Membership ended on May 4th, 2023.

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	Eng. KHALID ALHOGAIL	Managing Director and Chief Executive Officer of Saudi Public Transport Company.	Director General of Saudi Public Transport Company.	Bachelor of Civil Engineering, King Saud University.	<ul style="list-style-type: none"> • CEO and MD of Saptco, from 2006. • President of the International Association of Public Transport (UITP), Brussels, from 2021. • Chairman of the Board of Directors of the Arab Transport Union of the League of Arab States (AULT), from 2021. • Chairman of the Saudi-Spanish Business Council, from 2022. • Chairman of the Saudi French Public Transport Company (PTC), from 2014. • Chairman of the Saudi Emirati Integrated Transport Company BOD (SEITCO), from 2014. • Chairman of the SAPTCO ALSA for Transportation (SAT), from 2023. • Vice Chairman of Digital Transport Solutions (DMS) BOD, from 2021. • Vice Chairman of the Board of Directors of the Capital Metro Company (CAMCO), from 2019. • Member of visory Council of the Riyadh Region Municipality, from 2023. • Member of the Board of Directors of the Social Development Bank (SDB), from 2023. • Member of the Board of Directors of the Saudi Center for Economic Business, from 2022. • Member of the Board of Directors of the National Competitiveness Center (NCC), from 2022. • Member of the Logistics Strategic Partnership Council (MOLTS), from 2021. • Member of the Saudi French Business Council, from 2012. • Member of the Board of Directors of Hamad M. AlDrees & Partners Co. for Industry & Mining, from 2022. • Member of the National Logistics Committee, Federation of Saudi Chambers (FSC), from 2020. • Member of the Saudi Management Association, from 2002. • Member of the Saudi Council of Engineers, from 2000. • Legion of Honor, rank of knight, from the French Republic - Paris 2023. • In 2021 awarding the Man of the Year of the International Road Federation (IRF) - Washington. • Chairman of the National Committee for Joint Stock Companies (CSC), 2009 - 2017. • Member of BOD, Transport General Authority (CSC), 2015 - 2018. • President of International Association of Public Transport of the Middle East (UITP-MENA), 2016 - 2021. • Deputy Chairman of BOD, the Arab Transport Union of the League of Arab States (AULT), Arab League, 2016 - 2021. • Member of the Board of Directors of the Public Transport Authority (TGA) 2015 - 2018. • Member of visory Council of the Minister of Hajj (MHAJJ), 2016 - 2019. • Member of the International Road Union (IRU), 2016 - 2019. • Member of the American National Student Transportation Association (NAPT), 2014 - 2017. • Member of the National Committee for Tourism, 2009 - 2016. • Member of the Saudi Russian Business Council, 2015 - 2017. • Member of the Saudi Bahraini Business Council, 2014 - 2016. • Member of the BOD, Saudi Bahraini Company, 2008 - 2010.

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experiences
2	Mr. AHMED ALJOHANI	CEO of Specialized Mobility Solution - Saudi Public Transport Company.	<ul style="list-style-type: none"> Executive Vice President of Business - Saudi Public Transport Company. Chief Business Officer – Saudi Public Transport Company. 	Master of Computer Science in Information Systems from King Saud University.	<p>Administrative and executive functions:</p> <ul style="list-style-type: none"> CEO of Specialized Mobility Solution from January 2022 up to date. CEO and Board Member of Digital Mobility Solutions Company for Investments from August 2021 up to date. Executive Vice President of Business Saudi Public Transport Company from April 2019 to December 2021. Executive Vice President, Saudi Public Transport Company 2016 – 2019. Vice President of Support Saudi Public Transport Company 2012 – 2016. Director of the Information Technology Sector Saudi Public Transport Company 2008 – 2012. <p>Membership of Boards of Directors and Executive Committees:</p> <ul style="list-style-type: none"> Board member of Saudi Emirates Integrated Transport Company (SEITCO) since March 2014 to date. Board member of the Digital Transformation Leaders Club. Chairman of the Executive Committee of the Saudi Emirates Integrated Transport Company (SEITCO) from August 2020 up to date. Board member of Saudi French Public Transport Company (PTC) from April 2015 to December 2021.
3	Mr. KHALID ALZHRANI	Chief Financial Officer, Saudi Public Transport Company.	Vice-President of Finance, Saudi Public Transport Company.	<ul style="list-style-type: none"> Master of Business Administration - University of Wales, Bangor, United Kingdom. The fifth level of the British National Vocational Qualification (NVQ) - Bahrain Training Institute. Member of the Association of Technical Accountants (AAT) 	<ul style="list-style-type: none"> Chief Financial Officer, Saudi Public Transport Company. Chief Executive Officer – Riyadh Exhibition and Convention Center. Senior Expert – Ministry of Economy and Planning. General Manager – Modern Electronic Company – Al Faisaliah Group. Chief Financial Officer – Modern Electronic Company – Al Faisaliah Group. Account Manager Central Region – Almarai Company.

Sr.	Name	Current Positions	Previous Positions	Qualifications	Experiences
4	Mr. TURKI ALSUBIHI	CEO of Public Transport – Saudi Public Transport Company.	General Manager Saudi French Public Transport Company (PTC).	Bachelor of Accounting – King Saud University.	<ul style="list-style-type: none"> • President of Public Transport - Saudi Public Transport Company - from January 2022 to present. • General Manager and Board Member - Saudi French Public Transport Company (PTC) - from 2019 to present. • Member of the Board of Directors of the Capital Metro Company (CAMCO) from 2019 to date. • Administrative General Manager - Saudi French Public Transport Company (PTC) - from 2014 to 2019. • GM of the Projects Sector - Saudi Public Transport Company - from 2014 to 2019. • GM of Strategic Planning - Saudi Public Transport Company - from 2011 to 2014. • Member of the International Association of Public Transport (UITP) from 2007 to date. • Member of the Saudi Organization for Chartered and Professional Accountants, 2001.
5	Mr. Faisal Al-Obaid	Chief Strategy, Investment & Excellence, Saudi Public Transport Company.	GM of Growth & Investment – Saudi Public Transport Company.	<ul style="list-style-type: none"> • Bachelor of Accounting - King Saud University. • Master of Business Administration - Gulf University. • Economic Establishments Valuation Certificate (203, 202, 201) International Institute of Business Valuers (iiBV) and Valuation • Fellowship of the Saudi Organization for Auditors and Accountants. • SOCPA-Saudi Organization for Chartered and Professional Accountants. 	<ul style="list-style-type: none"> • Chief Strategy, Investment & Excellence, Saudi Public Transport Company. • GM of Growth & Investment – Saudi Public Transport Company. • Deputy Chief Investment Officer - Saudi Public Transport Company . • General Manager of Investment Sector - Saudi Public Transport Company. • Investment Manager Al Rajhi Capital.

3) Names of companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board or a manager.

A table showing the names of companies inside or outside Saudi Arabia in which the Company's board member is a member of its current and previous boards of directors or one of its directors on 31 December 2023.

SR	Member name	Names of companies in which the Board member is a member of their current boards of directors or of their directors	Inside Saudi Arabia / Outside Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution/Limited Liability...)	Names of companies in which the Board member is a member of their previous boards of directors	Inside Saudi Arabia / Outside Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution/Limited Liability...)
1	HE. KHALID ALMUDAIFER	Saudi Arabian Mining Company (Maaden)	inside Saudi Arabia	Listed public shareholding	Qassim Cement Company.	Inside Saudi Arabia	Listed public shareholding
		Digital Mobility Solutions Company for Investments		Limited Liability Company (Affiliated to SAPTCO)	Saudi Arabian Railway Company (SAR)		Owned by the Public Investment Fund
					The Gulf International Bank		(Closed shareholding)
2	HE. MUSAD AL-DAWOOD	N/A	-	-	N/A	-	-
3	Major General. ZAYED ALTUWAYAN*	N/A	-	-	N/A	-	-
4	HE. Lieutenant General / Mohammed bin Abdullah Al-Bassami**	N/A	-	-	N/A	-	-
5	Mr. ABDULAZIZ ALMOSAAD	N/A	-	-	N/A	-	-
6	Dr. SAUD ALNIMIR	House of National Consulting	Inside Saudi Arabia	Licensed financial company	Saudi Consolidated Electric Co. from 2009 AD to 2017	Inside Saudi Arabia	Listed public shareholding
		Alinma Bank		Listed public shareholding	Solidarity Saudi Takaful Company from 2011 to 2016		Listed public shareholding
7	Mr. ABDULLAH ALSALEH	King Abdullah City for Atomic and Renewable Energy	Inside Saudi Arabia	Governmental entity	-	-	-
		ELECTRONIC COMMERCE		Governmental entity	-		-
		Digital Mobility Solutions Company for Investments		Limited Liability Co. (Affiliated to SAPTCO)	-		-

SR	Member name	Names of companies in which the Board member is a member of their current boards of directors or of their directors	Inside Saudi Arabia / Outside Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution/Limited Liability...)	Names of companies in which the Board member is a member of their previous boards of directors or of their directors	Inside Saudi Arabia / Outside Saudi Arabia	Legal Entity (Listed Contribution/Unlisted Contribution/Limited Liability...)
8	Mr. TURKI ALMUBARAK	Yanbu Cement Co.	Inside Saudi Arabia	Listed Joint Stock Company	N/A	-	-
9	Mr. YASSER AL-DAWOOD	Pharmaceutical Investments Company	Inside Saudi Arabia	Closed Joint Stock Co.	King Fahd Causeway Authority	Saudi Arabia - Bahrain	Governmental entity
		Touristic Investment Company		Closed Joint Stock Co.	General Authority of Customs 2018-2019	Inside Saudi Arabia	Governmental entity
					General Authority of Civil Aviation		Governmental entity
					Riyadh Airports Company		Limited Liability Company
10	Mr. WALID ALHABIB	N/A	-	-	N/A	-	-
11	Eng. KHALID ALHOGAIL	Saudi French Public Transport Company - PTC	Inside Saudi Arabia	Limited Liability Co. (Affiliated to SAPTCO)	Saudi Bahraini Transport Co	Outside the kingdom	Limited Liability Company (SAPTCO associate)
		Digital Mobility Solutions Company for Investments		Limited Liability Co (Affiliated to SAPTCO)			
		Capital Metro Co Ltd – (CAMCO)		Limited Liability Co. (SAPTCO Associate)			
		Saudi Emirates Integrated Transport Company – (SEITCO)		Limited Liability Co (SAPTCO Joint Venture)			
		Hamad M. Aldrees & Partners Co. For Industry & Mining		Closed Joint Stock Co.			

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

4) Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Directors, Independent Directors.

The Company is managed by a Board of Directors consisting of ten members, four of whom represent the government, including the president, who are appointed with the approval of the Prime Minister based on the proposal of the Minister of Transport, and six members who represent the private sector to be chosen by the General Assembly of shareholders. The Board members are appointed for a period of three years. They may be re-appointed for another term(s). The following table shows the membership status of the Board members.

Sr.	Member Name	Capacity	Membership Category
1	HE. Eng. KHALID ALMUDAIFER	Chairman of the Board	Non-executive
2	Mr. ABDULLAH ALSALEH	Member	
3	Mr. YASSER AL-DAWOOD	Board Member – Representative of the Public Investment Fund	
4	HE. MUSAD AL-DAWOOD	Vice Chairman of the Board	Independent
5	Major General. ZAYED ALTUWAYAN *	Member	
6	HE. Lieutenant General / Mohammed bin Abdullah Al-Bassami**	Member	
7	Mr. ABDULAZIZ ALMOSAAD	Member	
8	Dr. SAUD ALNIMIR	Member	
9	Mr. TURKI ALMUBARAK	Member	
10	Mr. WALID ALHABIB	Member	
11	Eng. KHALID ALHOGAIL	Member	Executive

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

5) Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks on the Company and its performance.

The company has included the rights of the shareholders and the general assembly in the corporate governance guide, and the suggestions and observations of the shareholders are received through several means, including:

- Investor Protection Website (Capital Market Authority).
- Postal letters, telephone or telegraphic communications or by e-mail.
- Attendance of shareholders to the headquarters of the Company in the general administration or branches.
- General Assembly Meetings and Minutes of Meetings.

The Board members and the committees are informed of this.

6) A brief description of the competencies and duties of committees, such as Audit Committee, Nomination Committee and Remuneration Committee indicating their names, their chairmen, members, number of their respective meetings, dates of those meetings and members' attendance details of each meeting.

The Board of Directors of the Company has formed its committees from among the members of the Board or from outside, where their tasks and terms of reference are determined according to work regulations drawn up by the Board of Directors and approved by the Ordinary General Assembly of shareholders, which are as follows:

1. Remuneration & Nomination Committee:

Formed by a decision of the Board of Directors from non-executive members, where the controls of its work, functions, procedures, rules for the selection of its members, the duration of their membership, and their remuneration are determined in accordance with a regulation proposed by the Board of Directors and approved by the General Assembly of Shareholders.

The Remuneration and Nomination Committee is responsible for:

1. Preparing a clear policy for the remuneration of the Board members and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into consideration the adoption of standards related to performance, disclosure, and verification of its implementation.
2. Clarifying the relationship between the granted remunerations and the applicable remunerations policy, and indicating any material deviation from this policy.
3. Periodically, reviewing of the remuneration policy and evaluating its effectiveness in achieving its objectives set.
4. Recommending to the Board of Directors the remunerations to be granted to the Board members, its committees and the senior executives of the Company in the light of the approved policy.
5. Proposing clear policies and standards for membership of the Board of Directors and Executive Management.
6. Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and standards, taking into consideration that no person previously convicted of a crime against trust shall be nominated.
7. Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and holding executive management positions.
8. Determining the time to be allotted by the member to the work of the Board of Directors.
9. Annual review of the necessary skills or experience requirements appropriate to the membership of the Board of Directors and the functions of the Executive Management.
10. Reviewing the structure of the Board of Directors and the Executive Management while recommending changes that can be made.
11. Annual verification of the independence of independent members, and the absence of any conflict of interest if the member is a Board member of another company.
12. Developing job descriptions for executive members, non-executive members, independent members and senior executives.
13. Establishing special procedures in the event of a vacancy in the position of a Board member or senior executives.
14. Identifying weaknesses and strengths of the Board of Directors and proposing solutions to address such in line with the Company's interest.
15. Considering paying an additional remuneration to any of the Board members and the committees of the Board of Directors for additional efforts or other advisory or technical services carried out by the member and present the recommendation of the Committee in this regard to the Board for approval.
16. Determining and apply appropriate performance measures for the rewards process, in addition to determining performance reward budgets based on the achievement of the Company's strategic objectives in order to disburse rewards, and recommend the disbursement of annual performance rewards to the Company's employees.
17. In developing the Compensation Policy, the Committee shall follow performance criteria in addition to:
 - Providing competitive rewards to attract, motivate and attract highly skilled managers.
 - Applying performance indicators, including financial and non-financial performance measures.
18. The Committee shall review and recommend the following:
 - Human Resources Policies and Procedures.
 - Management development programs and succession plans for executives.
 - Calendar objectives and performance indicators to be achieved within rewards and incentive programs.

A statement of the names and attendance at the meetings of the Remuneration and Nomination Committee during the year 2023:

Sr.	Name	Nature of membership	Number of meetings of the Remuneration and Nomination Committee (3)			Total
			First	Second	Third	
			12/02/2023	04/05/2023	12/11/2023	
1	HE. MUSAD AL-DAWOOD	Chairman	√	√	√	3
2	Mr. ABDULLAH ALSALEH	Member	√	√	√	3
3	Mr. YASSER AL-DAWOOD	Member	√	√	√	3
4	Mr. WALID ALHABIB	Member	√	√	√	3

2. Audit Committee:

Formed by a decision of the Ordinary General Assembly of the Company from the shareholders or others, provided that at least one of them is an independent member and that it does not include any of the executive Board members, and determines the controls of its work, tasks and procedures in accordance with a regulation proposed by the Board of Directors and approved by the ordinary general assembly of shareholders.

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems. The tasks of the Committee include, in particular:

(A) Financial Reports:

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's Compliance Officer or External Auditor.
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

(B) Internal Audit:

- Examine and review the Company's internal and financial control systems and risk management systems.
- Study internal audit reports and follow up the implementation of corrective actions for the observations contained therein.
- Control and supervise the performance of internal audit in the Company to verify the availability of the necessary resources and effectiveness in the performance of the work and tasks entrusted to it.
- Recommend to the Board of Directors the appointment of the Director of Internal Audit and propose his remuneration.

(C) Auditor:

- Providing recommendations to the Board to nominate Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Verifying the independence of the Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into consideration the relevant rules and standards.
- Reviewing the plan of the Company's auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- Responding to queries of the Company's auditor.
- Studying the auditor's report and observations on the financial statements and following up on what has been taken in regard thereto.

(D) Ensuring the Compliance:

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Reviewing the contracts and proposed transactions by the Company with related parties, and providing its recommendations to the Board in connection therewith.
- Raising the issues it deems necessary to take action on to the Board of Directors, and make recommendations for the actions to be taken.

A statement of the names and attendance at the meetings of the Audit Committee during the year 2023: -

Sr.	Name	Nature of membership	Number of Audit Committee meetings (6)						Total
			First 26/2/2023	Second 21/3/2023	Third 4/5/2023	Fourth 9/8/2023	Fifth 7/11/2023	Sixth 3/12/2023	
1	Mr. ALAA ALFADAA	Chairman	√	√	√	√	√	√	6
2	Mr.ABDULAZIZ ALMOSAAD	Member	√	√	√	√	√	√	6
3	Mr. BAKER ALHABOOB	Member	√	√	√	√	√	√	6
4	Mr. MESHAL ALMUQRIN	Member	√	√	√	√	√	√	6

3. Investment and Strategy Committee:

Formed by a decision of the Board of Directors of the Company from among the Board members or non-Board members, where the controls of its work, functions and procedures are determined in accordance with a regulation issued by the Board of Directors.

The Investment and Strategy Committee is specialized in the following:

- Investing the surplus cash liquidity and continuous review of the liquidity position in accordance with the following controls:
 - a. Be Sharia compliant.
 - b. Be quickly liquidable when needed.
 - c. Be of low risk.
 - d. The investment shall be in the local market and in Saudi Riyals.
 - e. The investment shall be managed by a financial institution licensed to practice the profession.
 - f. The investment shall be part of the available liquidity.
- Finding investment opportunities available in the local market to invest the Company's assets.
- Evaluating existing investments periodically and making appropriate recommendations to the Board.
- Full disclosure of the related parties in the event that the investment is related to one of them.
- Recommending to the Board of Directors to enter into new investment projects and income diversification projects in accordance with the Company's strategies.
- Following up on the performance of the Company's investment portfolios, conducting evaluation studies and making the necessary recommendations.
- Following up the implementation of the strategic plans of the Company of various types.

Statement of the names and attendance of the meetings of the Investment and Strategy Committee during the year 2023: -

Sr.	Name	Nature of membership	Number of Investment and Strategy Committee meetings (3)					Total
			First 13/2/2023	Second 2/5/2023	Third 25/7/2023	Fourth 26/9/2023	Fifth 13/11/2023	
1	HE. KHALID ALMUDAIFER	Chairman	x	√	x	√	√	3
2	Major General. ZAYED ALTUWAYAN*	Member	√	√	-	-	-	2
3	Dr. SAUD ALNIMIR	Member	√	√	√	√	√	5
4	Mr. TURKI ALMUBARAK	Member	√	√	√	√	√	5
5	Eng. KHALID ALHOGAIL	Member	√	√	√	√	√	5

* Membership ended on May 4th, 2023.

7) Where applicable, the means used by the Board to assess its performance, performance of its committees and members, and the external body, which conducted the assessment and its relation with the Company, if any:

The Board evaluated its performance during the fiscal year 2023 through a self-assessment questionnaire that included questions related to all aspects of the work and tasks entrusted to those concerned with the evaluation to identify the weaknesses and strengths and propose to address them in line with the interest of the Company. Consideration was given to taking the necessary measures in the light of the outputs of the evaluation process to the extent that achieves the interest of the Company and its shareholders. There is no external party that has evaluated and the evaluation of the Board will be taken into consideration externally if necessary.

8) Disclose remuneration of the Board members and Executive Management as stated in Article (93) of the Corporate Governance Regulations.

(1) Remuneration Policy for Members of the Board of Directors and Committees Emanating from it:

- In accordance with Article (22) of the Company's Bylaws and Paragraph (III) of the remuneration policy for Board members and senior executives approved by the General Assembly of shareholders of the Company, the remuneration of the Board of Directors shall be determined in a lump sum as an annual remuneration for each session (attendance allowance) and within the limits stipulated in the Companies Law and its regulations. This is represented in the granting of an annual remuneration to each Board member worth (200) thousand Saudi Riyals after the approval of the ordinary general assembly of shareholders of the Company.
 - Regarding the annual remuneration of the members of the committees emanating from the Board, with a maximum of (150) thousand Saudi Riyals for the Audit Committee, and the remuneration, nominations, investment and strategy committees, with a maximum of (130) thousand Saudi Riyals, the entitlement of the full remuneration is linked to attending the meetings of the committees by 70% and more.
 - An attendance allowance is granted to each member for each meeting of the Board of Directors, committees or general assemblies, amounting to five thousand Saudi Riyals.
 - Travel tickets are provided to members residing outside the region where the meetings of the Board of Directors and committees or general assemblies for internal and external trips are held and an assignment allowance of SAR (1,125) for four days for tasks outside the Kingdom and two days for tasks inside Saudi Arabia.
 - A member of the council or committees is granted a relocation allowance of SAR (500) per day.
 - The Board/committees' member shall be granted a residence allowance of SAR (1,000) inside Saudi Arabia per day and SAR (1,500) per day outside Saudi Arabia.
 - In all cases, the total amount of remuneration and financial or in-kind benefits received by a Board member shall not exceed five hundred thousand Saudi Riyals annually in accordance with the Companies Law.
 - The bonuses awarded are in accordance with the approved bonus policy, and the principles and criteria for calculating and accruing bonuses have been observed.
- * The Company confirms that there is no material deviation from this policy.
- No remuneration has been granted for any technical, administrative or consulting work to any of the directors.

(2) Senior Executive Rewards Policy:

The bonuses granted to senior executives are divided into the following:

- An annual remuneration approved by the Board of Directors based on the recommendation of the Remuneration and Nomination Committee shall be disbursed in accordance with the planned target of the Company.
- An annual bonus stipulated by some senior executives' contracts and awarded during the year.
- An annual bonus granted according to the efforts made, according to the powers granted to the CEO of the Company by the Board of Directors, to be evaluated by the senior management during the fiscal year.
- The bonuses awarded are in accordance with the approved bonus policy, and the principles and criteria for calculating and accruing bonuses have been observed.

*The Company confirms that there is no material deviation from this policy.

The following tables show the salaries, allowances and bonuses that were paid to the Board members and five senior executives who received the highest bonuses and compensation during 2023, including the CEO and the CFO:

Disclosure of Directors' Remuneration

(Amounts in SAR '000)

	Fixed remunerations							Total	Variable remunerations					End of Service Gratuity	Total	Expenses	
	Specific amount	Allowance for attending Board's sessions	Total attendance allowance for committee meetings	Allowance for attending general assembly meeting	In-kind benefits	Remuneration of technical, administrative and consulting works	The remuneration of the Chairman, the Managing Director or the Secretary, if such is a member		Profits Ratio	Periodic bonuses	Short - term incentive plans	Long - term incentive plans	Granted Shares (Value is entered)				
First: Independent Members																	
1. HE. MUSAD AL-DAWOOD	200	20	15	5	-	-	-	240	-	-	-	-	-	240	-	240	-
2. Major General. ZAYED ALTUWAYAN*	100	10	10	5	-	-	-	125	-	-	-	-	-	125	-	125	-
3. HE. Lieutenant General Mohammed bin Abdullah Al-Bassami**	100	10	-	-	-	-	-	110	-	-	-	-	-	110	-	110	-
4. Mr. ABDULAZIZ ALMOOSAAD	200	20	30	5	-	-	-	255	-	-	-	-	-	255	-	255	-
5. Dr. SAUD ALNIMIR	200	20	25	5	-	-	-	250	-	-	-	-	-	250	-	250	-
6. Mr. TURKI ALMUBARAK	200	20	25	5	-	-	-	250	-	-	-	-	-	250	-	250	-
7. Mr. WALID ALHABIB	200	20	15	5	-	-	-	240	-	-	-	-	-	240	-	240	-
Total	1,200	120	120	30				1,470						1,470		1,470	
Second: Non-executive Members																	
1. HE. Eng. KHALID ALMUDAIFER	200	20	15	5				240	-	-	-	-	-	240	-	240	-
2. Mr. ABDULLAH ALSALEH	200	20	15	5				240	-	-	-	-	-	240	-	240	-
3. Mr. YASSER AL-DAWOOD	200	20	15	5				240	-	-	-	-	-	240	-	240	-
Total	600	60	45	15				720						720		720	
Third: The Executive Members																	
1. Eng. KHALID ALHOGAIL	200	20	25	5				2250	-	-	-	-	-	250	-	250	-
Total	2,000	200	190	50				2,440						2,440		2,440	

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

Remunerations paid to members of committees

(Amounts in SAR '000)

Members of Audit Committee	Fixed remunerations (Except allowances for attending sessions)	Allowance for attending sessions	Total
1. Mr. ALAA ALFADAA	150	35	185
2. Mr. ABDULAZIZ ALMOSAAD	150	30	180
3. Mr. BAKR AI HABOUB	150	30	180
4. Mr. MESHAL AI - MUQRIN	150	30	180
Total	600	125	725
Members of the Remuneration and Nominations Committee	Fixed remunerations (Except allowances for attending sessions)	Allowance for attending sessions	Total
1. HE. MUSAD AL-DAWOOD	130	15	145
2. Mr. ABDULLAH ALSALEH	130	15	145
3. Mr. YASSER AL-DAWOOD	130	15	145
4. Mr. WALID ALHABIB	130	15	145
Total	520	60	580
Members of the Investment and Strategy Committee	Fixed remunerations (Except allowances for attending sessions)	Allowance for attending sessions	Total
1. HE. Eng.KHALID ALMUDAIFER	130	15	145
2. MajorGeneral. ZAYEDALTUWAYAN*	130	10	140
3. Dr. SAUD ALNIMIR	130	25	155
4. Mr. TURKI ALMUBARAK	130	25	155
5. Eng. KHALID ALHOGAIL	130	25	155
Total	650	100	750

* Membership ended on May 4th, 2023.

Senior Executives Remuneration

(Including Chief Executive Officer and Chief Financial Officer)

Remuneration and compensation paid to (5) senior executives of the Company for the year ended 31 December 2023

(Amounts in SAR '000)

Statement	Fixed remunerations				Variable remunerations						End of Service Gratuity	Total remuneration of executives on behalf of the board, if any	Total
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Dividends	Short - term incentive plans	Long - term incentive plans	Granted shares (value to be entered)	Total			
Five Senior Executives	6,535	3,200	751	10,486	5,204	-	-	2,524	-	7,728	721	530	19,465

9) Any sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future.

The Company is committed to the regulations and instructions issued by the competent regulatory authorities continuously, and due to the nature of the Company's operations throughout the Kingdom as well as the high rates of operation during the year 2023, including the operation of the Ramadan and Hajj seasons, where financial fines of about SAR 2.96Mn were imposed by the Public Transport Authority related to the operational aspects and the Company's management is working to study them and develop development plans and programs to address them in coordination with the competent authorities and relevant parties.

10) Results of the annual review of effectiveness of internal control procedures of the Company and the opinion of the audit committee with respect to adequacy of Company's internal control system.

During 2023, the Audit Committee examined the Company's internal control systems (through the internal audit sector) and ensured their effectiveness. It also studied and reviewed the main operational, financial and administrative risks that the Company may face, analyzed them, and developed the solutions and treatments required to ensure the safety of overcoming these risks. In addition to studying the weaknesses and strengths of internal control, where the audits are carried out in a periodic and continuous manner by informing the Audit Committee about the achievements of the internal audit sector of the Company. The examination included all the work and activities of the Company and its various sectors and that the results of the examination of the internal control systems showed that there is no material weakness in the internal control system of the Company. The external auditor also evaluates this system as part of his audit of the Company's final financial statements and enables him to review all the minutes of the audit committee and the reports of the internal audit sector for the financial period under examination.

11) Audit Committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor.

There is no conflict between the Audit Committee's recommendations and the Board's decisions.

12) The Audit committee's recommendations that are in conflict with the Board's resolutions or those which the Board disregarded, relating to appointment, dismissal, performance assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.

There is no conflict between the Audit Committee's recommendations and the Board's decisions.

13) Details of the Company's social contributions, if any.

In the interest of Saudi Public Transport Company to activate and achieve social responsibility programs through its leading role in the field of transportation in the KSA, the Company has continued its student training programs during 2023 in accordance with the cooperative training program for 2023. The Company has trained (8) students during 2023 in many programs and specializations. The Company has also participated in many programs and community activities and contributed to national and social events by providing bus transportation services to many charities.

14) A statement of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them.

One meetings of the General Assembly of the Company's shareholders were held during the fiscal year 2023, the details of which are as follows:

Statement of attendance at the meetings of the General Assemblies held during the year 2023 (first and second meetings)

Sr.	Member name	Attendance record
		48th Ordinary General Assembly Meeting 22/05/2023
1	HE. Eng. KHALID ALMUDAIFER – Chairman of the Board and Meeting Chairman	√
2	Mr. Musaed bin Abdulaziz Al-Dawood – Vice Chairman of the Board.	√
3	Major General. ZAYED ALTUWAYAN *	√
4	HE. Lieutenant General / Mohammed bin Abdullah Al-Bassami**	-
5	Mr. ABDULAZIZ ALMOSAAD	√
6	Dr. SAUD ALNIMIR	√
7	Mr. ABDULLAH ALSALEH	√
8	Mr. TURKI ALMUBARAK	√
9	Mr. YASSER AL-DAWOOD	√
10	Mr. WALID ALHABIB	√
11	Eng. KHALID ALHOGAIL	√

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

15) A description of the main types of activities of the Company and its affiliates. If there are two types or more, a statement showing each activity and its effect on the size of the Company's businesses and contributions to the results, must be attached.

- **SAPTCO**: Its capital is (1,250,000,000) Saudi Riyals, established by Royal Decree No. M/11 dated 7 Rajab 1399 AH (corresponding to 04 February 1979 AD), for the purpose of transporting passengers by bus on the public road network in the Kingdom within cities, and between them, and outside the Kingdom, transporting parcels, transporting and transporting goods and tasks, school transport, transporting teachers, renting and operating cars, private taxis and trucks, operating and maintaining metro, trains, transporting sand and gravel, organizing tourist trips inside Saudi Arabia and Hajj and Umrah services from inside and outside the Kingdom, providing support services, logistics and technical training in the field of transport and importing spare parts and chemical cleaners for vehicles.

The approval of the Council of Ministers was issued on 10 Sha 'ban 1442 AH corresponding to 23 March 2021 AD to extend the concession contract for a period of one year until 30 Jumada II 1443 AH corresponding to 02 February 2022 AD.

In September 2021 AD, the Public Transport Authority published a request document that included the Authority's desire to plan and implement the liberalization of the market for intercity bus transportation services in the KSA and divide it into concession areas. Later in January 2022 AD, it published a Tender Document for qualifying companies wishing to apply for a competition to operate concession areas, provided that the same shall commence operating in July 2023 AD.

The approval of the Council of Ministers was issued on 05 Jumada Al-Awwal 1444 AH corresponding to 29 November 2022 AD to extend the concession contract 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).

On 14th October 2023 AD, SAPTCO's concession contract of the intercity services in the Kingdom of Saudi Arabia has been ended, and the new intercity service privileges became effective as of the aforementioned date.

The Company's revenue is generated from the following main activities:

1. Passenger transport sector: includes scheduled transport services represented in passenger transport services between cities, within cities, and international transport, with revenues amounting to 517 million riyals, contributes by 32% in the Company's revenues.
2. Specialized Services Sector: includes transportation services under the leasing contracts concluded by the Company with third parties, whether governmental or non-governmental, inside or outside Saudi Arabia, in addition to limousine services, with revenues of 459 million riyals, contributes by 28.4% in the Company's revenues.
3. Head office: Includes support units and strategic projects, with revenues of 40 million riyals and contribute by 2.5% in the Company's revenues.

Subsidiary Companies

1- Saudi French Public Transport Company PTC:

Limited liability Company, it's main activity is supply, operation and maintenance of buses in the city of Riyadh under the license of the General Investment Authority No. 10608351147347 to implement the King Abdul Aziz project for public transport in Riyadh on 8 Dhul Qi'dah 1435 AH (corresponding to 03 September 2014 AD). The Company revenue is 547 million riyals, contribute by 33.8% in the Company's revenues.

2- SAT – Company:

Limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010919499 dated 26 Safar 1445 AH (corresponding to 11 September 2023 AD), and it is 85% owned by the Saudi Public Transport Company and 15% by NEX Continental Holdings (a Spanish company). The company's activity is to purchase, operate and maintain intercity bus services throughout the Kingdom of Saudi Arabia. The company's capital is 10 million riyals. Its revenue is 30 million riyals, contributes 1.9% in the company's revenues.

3- Digital Mobility Solutions Company for Investments:

Limited liability Company specialized in building leading companies in the field of smart mobility and logistics. DMS also promotes investment opportunities to attract investors from inside and outside KSA. Today, DMS contributes to advancing the social and economic development of KSA, as it in turn achieves the strategic objectives of the Kingdom's Vision 2030 through innovation, sustainability and smart solutions in mobility and logistics. DMS' revenues amounted to 26 million riyals, contributed by 1.6% in the Company's revenues.

16) A description of the Company's significant plans and decisions (including changes to the structure, expanding company's operations or halting them) and future expectations.

In line with the strategy adopted and approved by the Board at the end of 2022 for the upcoming phase (2023-2025), the company has completed the development of this strategy, focusing on the set objectives. This includes elements of the revised strategy that extend to 2028. The goal is to ensure the achievement of objectives, which involves concentrating on the specific and specialized activities of each business unit, as well as efforts to reduce costs and increase revenue. This is achieved by encouraging each unit to operate independently, aiming to enhance the quality of services and improve operational performance in a manner that positively reflects on its financial results. Consequently, each business unit can more precisely track its financial performance through its independent financial statements, thereby maximizing the company's overall benefit.

One of the early positive outcomes of this strategy was the establishment of SAT Company, an independent entity formed through a partnership between the Saudi Public Transport Company (SAPTCO) and the Spanish firm ALSA. SAT Company specializes in intercity transportation services (in the Southern Region), under a contract awarded by the Public Transport Authority. This followed the conclusion of a previous concession granted by the country, marking a significant step in our strategic achievements.

17) Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks - Risk Management:

The Saudi Public Transport Company (SAPTCO) shall apply the risk management methodology in accordance with ISO 31000:2018 standards. The Company has prepared a risk management policy that defines the framework, risk appetite, and criteria for identifying and evaluating risks. In order to apply this methodology, the Company's management has formed an internal committee that works to identify the risks faced by the Company and develop corrective action plans to mitigate them and reduce their effects, in order to ensure the optimal balance between risk and return on the Company and contribute to achieving the strategic objectives of the Company. The committee submits the results of its work periodically to the Company's management and the audit committee for presentation to the Board of Directors.

Risks in the Company:

The Company faces a variety of risks as a result of the nature and conditions of its operations associated with the field of land transport. The Company works to assess these risks in accordance with the approved risk policies and procedures. It also works to develop the necessary procedures and controls to mitigate these risks and review them on an ongoing basis to verify their effectiveness. The most prominent of these risks are:

1- Strategic Risks:

Strategic risks that arise due to external variables that affect the Company's implementation of its strategic plans, most notably:

- Decrease in revenue as a result of the expiration of the intercity transport concession contract:

The Company is working to diversify its sources of income and expand the contracts and projects of public transport, educational transport and specialized service contracts, in addition to investing in digital mobility solutions, as well as restructuring the company's commercial units to enhance profitability, and won SPATCO on concession for the southern region by one of subsidiary "SAT" , in alliance with the Spanish partner, ALSA Group, according to a transportation network consisting of 27 routes distributed over a road network served by 7 stations distributed in various regions, targeting approximately 1.8 million passengers annually.

- The low share of the Company in the transport market due to the presence of competitive means of transport:

The prices of competitive means of transport are constantly reviewed, and the Company also conducts marketing programs and promotional offers for competition, as well as a company specialized in smart mobility solutions as a diversification of the services provided by the Company.

- Continuous changes in legislation, labor market regulations and laws, and the possibility of increased costs:

The Company is working to include variables in the systems within the Company's contracts, as well as diversifying the Company's activities and structure, where the Company participates in workshops and activities held in order to identify in advance the orientations of legislators.

2- Operational Risks:

The Company faces many risks that affect the course of its operations, operations and business, the most prominent of which are:

- The Company's business has been affected by the spread of diseases, epidemics and pandemics.

Business continuity plans have been developed and crisis management committees formed in the event of the spread of diseases, epidemics and pandemics. The Company is also working to follow up and adhere to the instructions issued by the competent authorities, in addition to benefiting from the support provided by the state, as well as developing solutions to reduce costs and include emergency conditions in the Company's contracts.

- The use of old buses, which may cause accidents or fines from the regulatory authorities.

Periodic maintenance of buses is carried out and an inspection certificate is obtained. It has been agreed with the Public Authority for Transport not to calculate the violations of the obsolescence of buses until the end of the concession contract. The exchange of benefits between sectors has also been activated to benefit from modern buses.

- High indirect costs for the Company.

The Company is working to automate the work and reduce manual work continuously, and is working on the implementation of many projects to improve the internal systems as well as projects to link the systems.

- Protecting the privacy of the Company's data in the event of breaches and disasters:

The Company works to protect its data by making frequent copies of data in distant geographical locations, as well as developing adequate and continuously updated protection programs and controls.

- Increase maintenance costs for technical systems.

The Company continuously studies and evaluates the systems available in the market, and works to replace a number of systems with high maintenance costs with alternative systems, as well as continuous follow-up of the efficiency of use and optimal utilization of all the Company's technical systems.

3- Compliance Risks:

Risks related to the Company's commitment to the regulatory authorities, the most prominent of which are:

- Failure to issue the necessary licenses for the Company's sites according to the requirements of government agencies.

The Company rehabilitates a number of sites owned by it to meet the requirements and obtain licenses. The Company is also preparing to hand over the agreed sites in good condition to the competent authority at the end of the concession, as well as reducing capital investments for the requirements of new projects and assigning them to contractors.

4- Financial Risks:

The Company is subject to many financial risks, which affect the financial position of the Company and the possibility of the Company to meet its obligations, the most prominent of which are:

- The financial position of the Company was affected by the failure of customers and debtors to pay.

As part of the company's confrontation with the risk of non-payment of its debts by customers and debtors, the Company has taken the following measures:

- Apply credit limits to reduce instances of default.
- Review and update the receivables policies periodically.
- Form a committee to manage receivables and increase the effectiveness of control and collection.
- Opening financing facilities with commercial banks.
- Submitting the Company's troubled claims to the government agencies on Etimad platform in coordination with the specialists in the Ministry of Finance.

18) A summary in a form of a table or graph showing the Company's assets, liabilities and results of the last five fiscal years or since the incorporation date, whichever is shorter.

The tables below summarize the financial position and income statements for the last five years

Comparative statement (summary) of the consolidated statement of financial position for the last five years

(Amounts in SAR '000)

Statement	2023	2022	2021	2020	2019
Current Assets	1,843,336	2,638,362	2,721,602	1,171,876	851,507
Non-Current Assets	2,192,881	2,035,706	2,059,455	3,525,834	3,242,692
Total Assets	4,036,217	4,674,068	4,781,057	4,697,710	4,094,199
Total Liabilities	1,186,425	1,407,977	1,114,404	859,921	1,006,953
Murabaha Finance - Non-Current Portion	854,754	1,035,376	1,317,872	943,763	336,663
An advance payment from a client - Non-Current Portion	897,857	1,053,531	1,105,574	1,437,950	959,078
EOs for the Employees	145,143	175,337	156,750	145,612	137,516
Deferred Revenues - Non-Current Portion	-	-	-	4,675	5,313
Lease Contract Liabilities - Non-Current Portion	30,348	62,178	36,947	31,041	8,529
Total Non-Current Liabilities	1,928,102	2,326,422	2,617,143	2,563,041	1,447,099
Total Liabilities	3,114,527	3,734,399	3,731,547	3,422,962	2,454,052
Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Statutory Reserve	-	-	-	-	183,471
Conventional Reserve	-	-	-	42,730	42,730
Retained Earnings	(335,915)	(304,915)	(200,350)	(22,067)	163,801
Investments Revaluation Reserve	-	-	-	-	(6,495)
Non-Controlling Equities	7,605	(5,416)	(140)	4,085	6,640
Total Equities	921,690	939,669	1,049,510	1,274,748	1,640,147
Total Liabilities & Equities	4,036,217	4,674,068	4,781,057	4,697,710	4,094,199

Comparative statement (summary) of the consolidated income statement for the last five years

(Amounts in SAR '000)

Statement	2023	2022	2021	2020	2019
Revenues of the Main Business	1,569,656	1,319,467	960,573	1,169,662	1,711,891
Total Costs	(1,627,862)	(1,441,801)	(1,185,708)	(1,543,485)	(1,677,761)
Other Revenues	36,747	40,110	24,511	12,683	16,693
Deterioration Loss in the Investment Value in the Associated Company	(1,669)	(2,801)	517	244	1,728
Minority Equity Share in the Net Loss of a Subsidiary	11,407	(4,278)	(4,278)	(2,555)	(1,400)
Zakat	(12,456)	(5,847)	(16,081)	(14,264)	(17,227)
Net loss during the year	(24,177)	(96,354)	(220,466)	(377,715)	33,924

19) Geographical analysis of revenues of the Company and its affiliates.

(A Table Showing the Geographical Analysis of The Company's Total Revenue (in SAR '000) on 31 December 2023)

(Amounts in SAR '000)

Statement	Central region revenues	Eastern region revenues	Western region revenues	Southern region revenues	Revenues of Saudi French Public Transport Company PTC	Revenues of Digital Mobility Solutions Company DMS	Revenues of SAT Comapny	The Company's total revenue
Total revenue	258,322	152,382	553,527	51,337	546,625	25,826	29,851	1,617,870

Inclusive of funding income.

20) Any material differences in the operational results compared to the previous year's results or any expectations announced by the Company.

Comparing the operating results for the fiscal year 2023 AD with the previous year 2022 AD, the operating revenues of the Company increased during 2023 AD compared to the previous year by 250.19 million riyals and 19%. The total operation profit during 2023 AD increased by 94.64 million riyals and 54%. The operating expenses in 2023 AD increased by 155.5 million riyals and 14%. compared to the previous year. The Group net (loss) of 2023 AD was (24.18) million riyals, compared to a net loss of (96.35) million riyals for the previous fiscal year, with an increase of 72.18 million riyals and 75% from the net (loss) of the previous year.

Table showing the Group's operational results for 2023 compared to the previous year 2023

(Amounts in SAR '000)

Statement	2023	2022	Variations (-) or +	Variations Ratio %
Operational Revenues	1,569,656	1,319,467	250,189	19%
Operational Expenses	1,298,931	1,143,384	155,547	14%
Total Profit from the Operation	270,725	176,083	94,642	54%
Expenses of the Main Business	210,643	217,778	(7,135)	-3%
Profit/(Loss) from the Main Operations	60,082	(41,695)	101,777	-244%
Other Revenues/Expenses	(71,803)	(48,812)	(22,991)	47%
Deduct: Zakat or tax	12,456	5,847	6,609	113%
Net (Loss)	(24,177)	(96,354)	72,177	-75%

21) Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants.

There is no difference from the accounting standards adopted by the Saudi Organization for Certified Public Accountants regarding the review and evaluation of the Company's financial statements.

22) Name of each affiliate company, its capital, the Company's ownership percentage, main scope of business, country of operation and country of incorporation.

There are three subsidiaries (Public Transportation Co.), (Digital Mobility Solutions Company for Investments), and (SAT Company), two associate companies (Saudi Bahraini Transport Co. Ltd.) and (Capital Metro Co. Ltd. – CAMCO) and a joint venture (Saudi Emirates Integrated Transport Company - SEITCO), details as follows:

Company Name	SAT	Public Transportation Co. Ltd.	Digital Mobility Solutions Company for Investments - One Person Company	Capital Metro Co Ltd - CAMCO	Saudi Emirates Integrated Transport Company – (SEITCO)	Saudi Bahraini Transport Co.
Its capital (SAR)	10,000,000	10,000,000	5,000,000	18,000,000	100,000	10,000,000
Exporter Ownership Percentage	85% of the capital	80% of the capital	100% of the capital	20% of the capital	50% of the capital	40% of the capital
Its main activity	Interurban passengers transport by buses	Supply, operation and maintenance of buses in the city of Riyadh under the license of the General Investment Authority No. 10608351147347 dated 8/11/1435AH	Professional, scientific, technical and administrative activities, administrative and support services, financial and insurance activities, information and communications and transport and storage activity	Road construction and road maintenance works under the license of the General Authority for Investment No. 10206381177142 dated 03/11/1438AH	The activity of Saudi Emirates Integrated Transport Company is to provide school transportation services, own vehicles from buses, manage corporate fleets and provide car transportation services	Transporting passengers by bus between KSA and the Kingdom of Bahrain via the King Fahd Causeway (Saudi Arabia-Bahrain), transporting luggage and parcels, and practicing all activities related to public transport. (Under Liquidation)
The State's principal place of operations	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	Kingdom of Bahrain
Country of incorporation	KSA (under CR No. 1010919499)	KSA (under CR No. 1010429250)	KSA (under CR No. 1010732875)	KSA (under CR No. 1010611311)	KSA (under CR No. 1010403688)	KSA (under Commercial Registration No. 2050016546) and Kingdom of Bahrain under Commercial Registration (17777)

23) Details of shares and debt instruments issued by each affiliate company.

1) Public Transportation Co. Ltd (PTC):

The capital consists of Public Transportation Co. Ltd. out of (1,000,000) cash shares, the value of each cash share is ten Saudi Riyals, and Saudi Public Transport Company owns (800,000) cash shares worth (8,000,000) Saudi Riyals, i.e. 80% of the capital of Public Transportation Co. Ltd. There are no debt instruments issued to Public Transportation Co. Ltd.

2) Digital Mobility Solutions Company for Investments - One Person Company:

The capital of Digital Mobility Solutions Company for Investments consists of (500,000) cash shares worth of each cash share (10) Saudi Riyals, and Saudi Public Transport Company owns (500,000) cash shares in the amount of (5,000,000) Saudi Riyals, that is, (100%) of the capital of Digital Mobility Solutions Company for Investments.

3) SAT – Company:

The capital of SAT Company for Investments consists of (100,000) cash shares worth of each cash share (100) Saudi Riyals, and Saudi Public Transport Company owns (85,000) cash shares in the amount of (8,500,000) Saudi Riyals, that is, (85%) of the capital of SAT Company for Investments. There are no debt instruments issued to SAT.

4) Capital Metro Co Ltd – CAMCO:

Capital Metro Co Ltd – CAMCO consists of (18,000) cash shares worth of each cash share (1,000) Saudi Riyals, and Saudi Public Transport Company (3,600) has a cash share of (3,600,000) Saudi Riyals, i.e. 20% of the capital of Capital Metro Co Ltd – CAMCO. There are no debt instruments issued to Capital Metro Co Ltd.

5) Saudi Emirates Integrated Transport Company:

The capital of the Saudi Emirates Integrated Transport Company consists of one hundred cash shares, the value of one share is SAR (1,000), and the Saudi Public Transport Company owns fifty cash shares worth SAR (50,000), or 50% of the capital of the Saudi Emirates Integrated Transport Company. There are no debt instruments issued to the Saudi-Emirati Integrated Transport Company.

6) Saudi Bahraini Transport Co:

The capital of Saudi Bahraini Transport Co consists of ten thousand cash shares, the value of each share is one thousand Saudi Riyals, and Saudi Public Transport Company owns (4,000) shares worth SAR (4) Mn, or (40%) of the capital of Saudi Bahraini Transport Co, which is SAR (10,000,000) (ten million Saudi Riyals), and there are no debt instruments issued to the Saudi Bahraini company.

The Extraordinary General Assembly of the partners of Saudi Bahraini Transport Co. Ltd. agreed at its meeting held on 31 December 2015 AD to dissolve and liquidate the Company and appoint a liquidator to liquidate it. The Company does not expect the liquidation to have a material effect on the financial statements.

24) A descriptions of dividends distribution policy.

Subject to Article (49) of the Bylaws of Saudi Public Transport Company (SAPTCO), the Company's net annual profits after deducting all general expenses and other costs including depreciation reserve shall be distributed as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, avoid (5%) of the net profits to form an agreement reserve allocated for a specific purpose or purposes specified by the Board of Directors. Such retention shall be suspended if it reaches (25%) of the capital.
3. The Ordinary General Assembly may, upon the proposal of the Board of Directors, decide to form other reserves, to the extent that it is in the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the Company's employees or to assist the existing ones of these institutions.
4. After that, a percentage of no less than (5%) of the Company's paid-up capital shall be distributed to the shareholders.
5. The remainder is then distributed to the shareholders as an additional share in the profits or retained in the retained earnings account.

25) A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article (45) of the Listing Rules, along with any change to such rights during the last fiscal year.

There are no shares with special voting priority or any debt instruments belonging to Board members, senior executives, and their relatives, or to any third parties, as the Company currently does not have debt instruments convertible into shares.

26) A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company or its affiliates, and any change on such interest or rights during the last fiscal year.

A description of any interest of the directors and their relatives in the shares or debt instruments of the Company or its subsidiaries:

A table showing the interest of the directors in the shares and debt instruments of the Company:

Sr.	Name of the person to whom the interest belongs or the contractual papers or subscription rights	Beginning of the year		End of the year		Net Variation	variations ratio
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	HE. Eng. KHALID ALMUDAIFER	-	-	-	-	-	0 %
2	Mr. MUSAD AL-DAWOOD	-	-	-	-	-	0 %
3	Major General. ZAYED ALTUWAYAN*	-	-	-	-	-	0 %
4	HE. Lieutenant General / Mohammed bin Abdullah Al-Bassami **	-	-	-	-	-	0 %
5	Mr. ABDULAZIZ ALMOSAAD	-	-	-	-	-	0 %
6	Dr. SAUD ALNIMIR	-	-	-	-	-	0 %
7	Mr. ABDULLAH ALSALEH	-	-	-	-	-	0 %
8	Mr. TURKI ALMUBARAK	100	-	100	-	-	0 %
9	Mr. YASSER AL-DAWOOD	-	-	-	-	-	0 %
10	Mr. WALID ALHABIB	194,600	-	194,600	-	-	0 %
11	Eng. KHALID ALHOGAIL	1000	-	1000	-	-	0 %

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

A description of any interest of senior executives and their relatives in shares or debt instruments of the Company or any of its subsidiaries:

A table showing the senior executives' interest in shares and debt instruments of the Company:

Sr	Name of the Beneficiary	Beginning of the year		End of the year		Net Variation	Variation Ratio
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Eng. KHALID ALHOGAIL	1000	-	1000	-	-	0 %
2	Mr. Ahmed Al-Johani	-	-	-	-	-	0 %
3	Mr. Khalid Al-Zahrani	-	-	-	-	-	0 %
4	Mr. Turki Al-Subihi	-	-	-	-	-	0 %
5	Mr. Faisal Al-Obaid	-	-	-	-	-	0 %

27) Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayment of loans during the year, the amount of the principal debts, the creditor's name, the loan term and the remaining amount. In case there are no loans, a declaration thereof shall be presented.

These contracts represent Islamic Murabaha contracts from some local banks for the purchase of vehicles for the Company to be paid in monthly installments for a period of five years, the guarantees of repayment of the loan is the Company's signing of bonds for an order delivered to the bank. The Company has concluded an Islamic Murabaha financing agreement with Al Rajhi Bank and the Saudi National Bank to purchase buses, as follows:

- Islamic Murabaha agreement was signed with Al Rajhi Bank on 01/01/2018 AD to purchase (50) Travigo buses, with the amount of (61.5) million riyals. The loan will be paid over a period of five years from the date of receipt of the buses, the first installment was paid on 01/02/2018 AD and the last installment was paid on 01/01/2023 AD.
- Islamic Murabaha agreement was signed with Al Rajhi Bank on 10/05/2018 AD to purchase (350) King Long buses, model 2019 AD, with the amount of (136.6) million riyals. The loan will be paid over a period of five years from the date of receipt of the buses, as the first installment was paid on 10/06/2018 AD and the last installment was paid on 10/05/2023 AD.
- Islamic Murabaha agreement was signed with the Saudi National Bank (SNB) on 17/06/2019 AD to purchase (200) King Long buses (YMQ6128YS), model 2020 AD, for intercity transportation. With the amount of (83) million riyals. The loan will be paid over a period of five years from the date of receipt buses, as the first installment was paid on 13/08/2019 AD and the last installment will be paid on 07/07/2024 AD.
- Islamic Murabaha agreement was signed with Al Rajhi Bank on 26/08/2020 AD to purchase (448) King Long buses, model 2021 AD, with the amount of (101) million riyals. The loan repaid over a period of five years from the date of receipt of the buses, as the first installment was paid on 27/09/2020 AD, and the last installment will be paid on 26/08/2025 AD.
- Islamic Murabaha agreement was signed with Al Rajhi Bank on 23/06/2022 AD to purchase (260) King Long buses, model 2023 AD, with the amount of (148.9) million riyals. The loan will be paid over a period of five years from the date of receipt of the buses, as the first installment was paid on 27/07/2022 AD, and the last installment will be paid on 23/06/2027 AD.
- Islamic Murabaha agreement was signed with Riyadh Bank on 06/04/2023 AD to purchase (300) Yutong buses, model 2024 AD, and the original loan amount is (196) million riyals. The loan is to be repaid over a period of five years from the date of receipt of the buses, as the first installment was paid on 07/05/2023 AD, and the last installment will be paid on 06/04/2028 AD.

- Islamic Murabaha agreement was signed with Riyad Bank on 27/07/2023 AD to purchase (250) Yutong buses, model 2023 AD, and the original loan amount is (159.9) million riyals. The loan is to be repaid over a period of five years from the date of receipt of the buses, as the first installment was paid on 23/08/2023AD The last installment will be paid on 28/06/2028AD.

a. Table showing the outstanding position(s) of the parent company as at 31 December 2023

(Amounts in SAR '000)

Bank Name	Value in 2022	New loan added during 2023	Paid during 2023	Remaining until 31 December 2023
Al-Rajhi Bank	204,873	-	61,402	143,471
Saudi National Bank (SNB)	26,303	-	16,598	9,705
Riyad Bank	-	355,800	36,545	319,255
Total loans to parent company	231,176	355,800	114,545	472,431

Note: This offer does not include the financing cost of the loan.

Operating loans to the parent company with banks:

During 2023, the Company, in accordance with facility contracts concluded with local banks, received quarterly operating loans (renewable or repayable in full) in order to meet the impact of the Corona pandemic on operation and the details of operational loans as follows:

(Amounts in SAR '000)

Bank Name	Borrowing Date	Loan Amount at 31 December 2023
Al-Rajhi Bank	08-05-2023	101,102
Saudi National Bank (SNB)	18-10-2023	50,744
Total		151,846

b. Table showing the position of (loans) outstanding for the subsidiary (Saudi French Public Transport Company) on 31 December 2023

(Amounts in SAR '000)

Bank Name	Value in 2022	New loan added during 2023	Paid during 2023	Remaining until 31 December 2023
Arab National Bank	1,249,500	-	667,500	582,000
Total Loans	1,249,500	-	667,500	582,000

Note: This offer does not include the financing cost of the loan.

c. Table showing the position of (loans) outstanding for the subsidiary (SAT Company) on 31 December 2023

(Amounts in SAR '000)

Bank Name	Value in 2022	New loan added during 2023	Paid during 2023	Remaining until 31 December 2023
Arab National Bank	-	90,000	-	90,000
Total Loans	-	90,000	-	90,000

Note: This offer does not include the financing cost of the loan.

(Amounts in SAR '000)

Total Loans to Parent and Subsidiary	1,296,277
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28) A description of the classes and number of any convertible debt instruments, contractual securities, right issue or similar rights issued or granted by the Company during the fiscal year, as well as stating any compensation obtained by the Company in this regard.

There are no debt instruments convertible into shares, or any option rights, subscription right notes or similar rights issued or granted by the Company during the financial year.

29) A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, rights issue or similar rights issued or granted by the Company.

There are no debt instruments convertible into shares, or any option rights, subscription right notes, or similar rights issued or granted by the Company during the financial year.

30) A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.

There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments of the Company or its Affiliate.

31) The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.

The Board of Directors of the Company held (4) meetings during the fiscal year 2023, according to the following attendees:

Record of attendance at Board meetings during 2023

Sr.	Member name	First Meeting 27/02/2023	Second Meeting 10/04/2023	Third Meeting 14/09/2023	Fourth Meeting 11/12/2023	Total
1	HE. Eng. KHALID ALMUDAIFER	√	√	√	√	4
2	Mr. MUSAD AL-DAWOOD	√	√	√	√	4
3	Major General. ZAYED ALTUWAYAN*	√	√	-	-	2
4	HE. Lieutenant General / Mohammed bin Abdullah Al-Bassami**	-	-	√	√	2
5	Mr. ABDULAZIZ ALMOSAAD	√	√	√	√	4
6	Dr. SAUD ALNIMIR	√	√	√	√	4
7	Mr. ABDULLAH ALSALEH	√	√	√	√	4
8	Mr. TURKI ALMUBARAK	√	√	√	√	4
9	Mr. YASSER AL-DAWOOD	√	√	√	√	4
10	Mr. WALID ALHABIB	√	√	√	√	4
11	Eng. KHALID ALHOGAIL	√	√	√	√	4

* Membership ended on May 4th, 2023.

** Membership started on May 4th, 2023.

32) The number of the Company's requests of shareholders registry, dates and reasons thereof

The shareholders' register was requested during the fiscal year 2023 (5) times; the details of the requests were as follows:

SR.	Date of Request	Reason for Request
1	04/01/2023	Corporate Actions
2	18/04/2023	General Assembly
3	18/05/2023	General Assembly
4	08/08/2023	Corporate Actions
5	31/12/2023	Corporate Actions

33) A description of any transaction between the Company and any Related Party.

During the fiscal year 2023 AD , some business was carried out between Saudi Public Transport Company – SAPTCO and its subsidiaries (Saudi French Public Transport Company) Digital Mobility Solutions Company for Investments (and Saudi Emirates Integrated Transport Company (SEITCO) (Joint Venture), represented in the provision of technical and other services within the scope of normal business and without any preferential conditions. Moreover, the total amount of transactions in amount to (11.7, 68.8) million riyals for SEITCO and DMS respectively.

34) Information relating to any businesses or contracts to which the Company is a party, and in which a Director of the Company, a Senior Executive or any person related to any of them is, or was, interested, including names of the person in relation with such business and contract, in dition to the nature, conditions, durations and amount of the business or contract. If there are no businesses or contracts, the Company must submit a statement thereof.

There are Some business and contracts were carried out between the Saudi Public Transport Company and its subsidiaries (related parties) in accordance with the standards and conditions followed with third parties within the normal business, during the fiscal year ending on 31/12/2023 AD, and the members mentioned below have no interest in these business, which are as follows:

SR.	Nature of business or contract	Business or contract amount	Business or contract term	Business or contract conditions
1	<p>Digital Mobility Solutions (DMS):</p> <p>a. Providing financial support in the form of working capital</p>	SAR 68.8 Million	Fiscal Year 2023	<ul style="list-style-type: none"> • Eng. Khaled bin Saleh Al-Mudaifer, Chairman of the Board of Directors, and Chairman of the Board of Directors of Digital Mobility Solutions Company, of which the company owns 100% of its capital. • Eng. Khalid bin Abdullah Alhogail, Board Member (Executive) and Board Member of Digital Mobility Solutions Company, in which the company owns 100% of its capital. • Mr. Abdullah bin Ibrahim Al-Saleh, Member of the Board of Directors (non-executive), and member of the Board of Directors of Digital Mobility Solutions Company, in which the company owns 100% of its capital. • Mr. Ahmed bin Ayed Aljohani, Chief Executive Officer of Specialized Transport (Senior Executives), who is a member of the Board of Directors and CEO of the Digital Mobility Solutions Company, in which the company owns 100% of its capital.
2	<p>Contracts and services agreement with SEITCO:</p> <p>a. Reduction of accommodation and parking renting contract the was signed with SEITCO in 2022, due to reduction of the number of the buses and drivers.</p> <p>b. Maintenance contract for SEITCO buses, by services. The contract has been signed in January 2023 .</p>	<p>SAR 3.9 Million</p> <p>SAR 7.8 Million</p>	Fiscal Year 2023	<p>Eng. Khalid bin Abdullah Al-Hogail, Member of the Board of Directors (Executive) and Chairman of the Board of Directors of the Saudi-Emirati Company (SEITCO), in which the company owns 50% of its capital.</p>

The transactions will be presented to the General Assembly of shareholders for a vote.

35) A description of any arrangements or agreements under which a Director or a Senior Executive of the Company has waived any remunerations.

No arrangement or agreement has been made whereby any salary or compensation has been waived by a Board member of the Company or a senior executive.

36) A description of any arrangements or agreements under which a shareholder of the Company has waived any rights to dividends.

No arrangements or assignment agreements have been made under which a shareholder of the Company has waived any profit rights.

37) A statement of the value of any paid and outstanding statutory payments on account of any Zakat, Taxes, fees or any other charges that have not been paid until the end of the annual financial period, with a brief description and reasons therefor.

Table showing the regular payments made and due to the various entities in the country as at 31 December 2023

(Amounts in SAR '000)

Statement	Outstanding and unpaid of the fiscal period 2023	Paid during 2023
Zakat and Tax	18,503	51,786
The General Organization of Social Insurance (GOSI)	1,432	23,461
Costs of visas and passports	-	4,002
Labour office fees	-	35,281
Total	19,935	114,530

The amounts shown in the table represent the following:

- Social insurance:

Social insurance fees paid for the year 2023 AD, and due of the December 2023 AD, and was paid in January 2024 AD.

- Visas, passports and labour office fees:

Renewing visas and work permits fees for the Company's employees paid during 2023 AD.

- Zakat and Tax:

The company has submitted its Zakat assement up to 2022 AD, and received Zakat certificate until April 2024 AD. The company has received the final assessment from Zakat, Tax and Custom Authority up to 2020 AD.

38) A statement as to the value of any investments made or any reserves setup for the benefit of the employees of the Company

There are no investments or other reserves created for the benefit of the Company's employees.

39) Declarations that:

Based on SAPTCO Regulations and the Auditor's Report, the Board of Directors acknowledges the following:

- 1- That the accounting records have been duly prepared.
- 2- The internal control system is well established and effectively implemented.
- 3- There is no significant doubt regarding the Company's ability to continue its activity.

Board of Directors Assurances

In line with the Corporate Governance Regulations issued by the Capital Market Authority and the SAPTCO Corporate Governance Regulations, the Board of Directors confirms the following:

- 1- The company's commitment to work to protect the rights of shareholders and not to discriminate between shareholders who own the same class of shares and not to withhold any right from them in the form of fair treatment for all shareholders.
- 2- SAPTCO did not receive a request from shareholders with 10% or more to convene the General Assembly during the year ended and it was not convened.
- 3- SAPTCO has not received from shareholders with 10% or more a request to add one or more topics to the agenda of the General Assembly meeting when it is prepared.

- 4- SAPTCO has not established any measure that could impede the shareholder's use of his voting right.
- 5- SAPTCO has not provided any cash loan of any kind to any of its board members, nor has it guaranteed any loan made by a member of its board of directors with third parties.
- 6- During the fiscal year 2023 AD, SAPTCO's External Auditor did not provide any advisory services and did not receive any fees in this regard.
- 7- The auditor's report did not include any material reservations or observations on the annual financial statements for the fiscal year 2023 AD.
- 8- SAPTCO did not receive from the auditor a request to convene the General Assembly during the fiscal year ending on 31/12/2023 AD and did not convene.

40) If the external auditor's report contains reservations on the annual financial statements, the Board's report must highlight them mentioning their reasons and any relevant information.

The auditor's report did not contain any qualifications to the annual financial statements.

41) If the Board recommends replacing the external auditor before the end of the term for which it is appointed, the report shall indicate this, mentioning the reasons for the replacement recommendation.

The Board of Directors did not recommend the replacement of the chartered accountant before the end of three consecutive fiscal years.

42) Disclose information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names of persons in relation, the nature, conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof.

There are no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in.

43) Disclose details of treasury shares maintained by the Company, and details of utilizing such shares.

There are no treasury shares held by the Company.

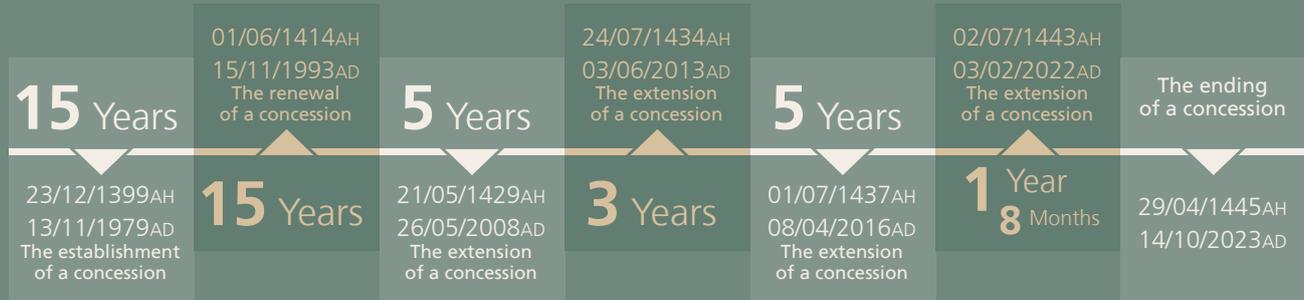




SAPTCO's Services & Operations

SAPTCO's Services & Operations

Following the enactment of Royal Decree No. (M/11) on 7/3/1399, heralding the establishment of the Saudi Public Transport Company as a Saudi joint-stock entity, significant strides were initiated to introduce the concept of public transportation across the Kingdom. This landmark decree was succeeded by Royal Decree No. (M/48) dated 23/12/1399, which bestowed upon the company the exclusive concession for bus transportation services within and between cities for a duration of fifteen lunar years.



To ensure the requisite financial foundation, in accordance with the company's Articles of Association, a capital sum of 1,000,000,000 (one billion) Saudi riyals was initially allocated to the Company. Subsequently, in 2007, the capital was augmented to 1,250,000,000 (one billion, two hundred and fifty million) Saudi riyals. The principal responsibilities of the company entail the transportation of passengers via buses along the public road network, both within and between cities.

SAPTCO's fleet and subsidiaries consist of

7,000 vehicles,

Where the SAPTCO fleet is 4,312 vehicles of various types and specifications, all equipped with the latest technology and tracking systems.



First: Passenger Buses

1- Urban Transport

Urban Transport involves the conveyance of passengers along designated routes within the intercity network at specific fare rates. The fare value is standardized across all routes, although variations may occur based on the specific line and type of service offered.



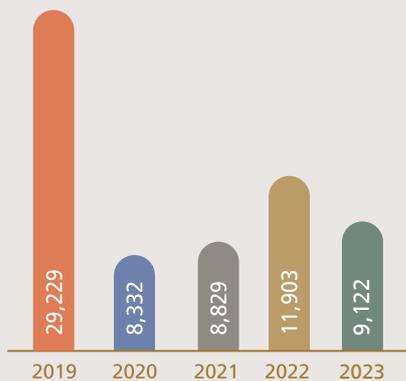
+9 Million Passengers

9,122,308 Passengers

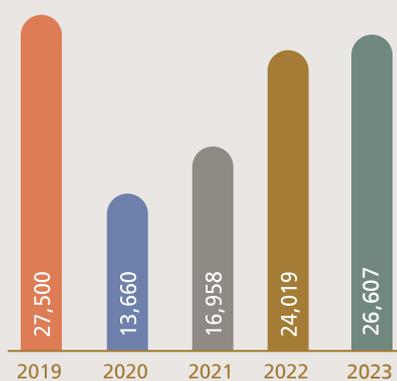


+26 Million km

26,606,586 Operational Kilometers



Urban Riderships (in thousands) from 2019 to 2023



Urban Operational Kilometers (in thousands) from 2019 to 2023

Key Achievements:

- Successfully implemented a public bus transportation project in the city of Taif.
- Secured victories in two competitive bids for operating public transportation networks in the city of Tabuk and the capital of Jazan (Jazan - Sabya - Abu Arish).
- Executed contracts for the Qassim and Jazan projects.
- Acquired **120** Yutong buses for operational purposes.

Electric Buses

SAPTCO pioneers the operation of electric buses along the AV route, spanning from Khalidiya to Al-Balad in Jeddah Governorate, marking the Kingdom of Saudi Arabia's inaugural venture into electric bus transportation. This initiative underscores SAPTCO's commitment to promoting clean energy adoption and environmental preservation by curbing carbon emissions.



They traverse the A7 route, which begins at Al Khaliyah and concludes at Al Balad.



They operate along the established public transportation routes in Jeddah.



They consume 10% less electricity compared to other electric buses.



They are capable of traveling distances of up to 300km per charge.



They contribute to realizing the objectives of the National Strategy for Transportation and Logistics,



the objective of which is to decrease carbon emissions in transportation activities by 25%,



and support the implementation of cutting-edge technologies and eco-friendly transportation practices,



in order to enhance the standard of living in urban areas.

Partners:



As part of SAPTCO's ongoing commitment to eco-friendly public transportation initiatives, the company has introduced electric buses in two significant projects within the cities of Madinah and Dammam during 2023. These endeavors reflect SAPTCO's dedication to advancing environmental sustainability while offering transportation solutions that prioritize ecological preservation.



Jeddah's electric bus



Madinah's electric bus



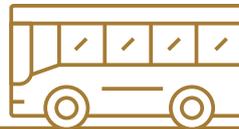
Dammam's electric bus

2 - Intercity Transport

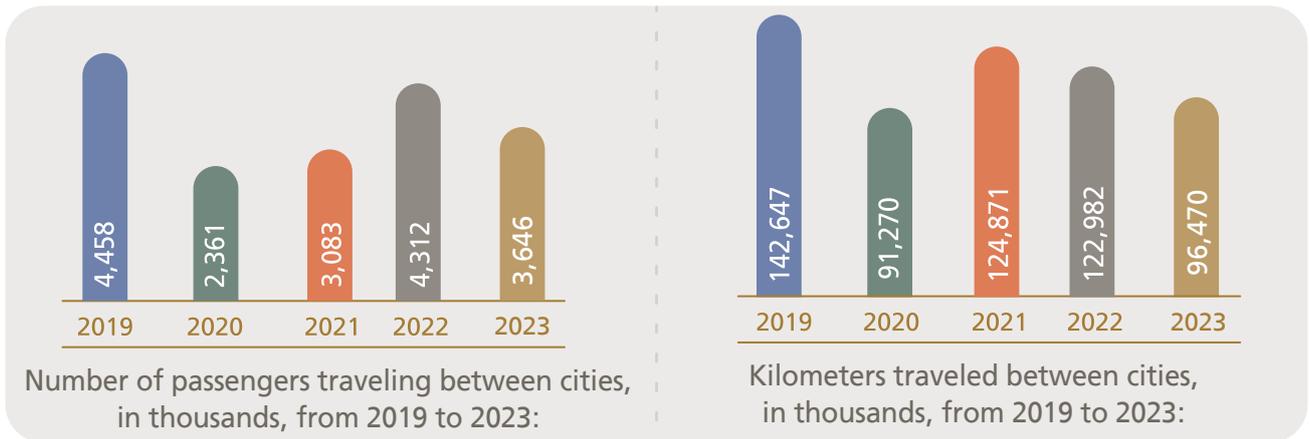
The intercity transport sector aims to facilitate intercity transportation services between the cities, including economic and premium services. The service initially started upon the establishment of concession contract in 23/12/1399 AH corresponding to 13/11/1979 AD, by establishing a comprehensive network of routes that connect all cities through various stations and agents which exceeded more than 200 lines to connect cities, villages & regions around the Kingdom. The concession contract was ended on 29/3/1445 AH corresponding to 14/10/2023 AD, and a new journey started by one of SAPTCO subsidiaries (SAPTCO ALSA for Transportation – SAT) secured a victory of concession contract to operate intercity bus services in the Southern Region.



+ 3,6 Million Passengers
3,646,330 Passengers



+ 96 Million km
96,470,099 Kilometers Traveled



Key Achievements:

- Successfully secured the intercity transport competition for the Southern Region in alliance with the Spanish Company ALSA.
- Achieved an increase in passengers and revenues during the first three quarters of 2023.

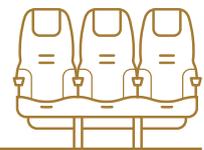
2.1- International Transport Services

SAPTCO provides international transportation services to passengers through modern, well-equipped, and safe buses. These services extend from all cities within the kingdom to several neighboring Gulf and Arab countries, including the United Arab Emirates, Bahrain, and Egypt.



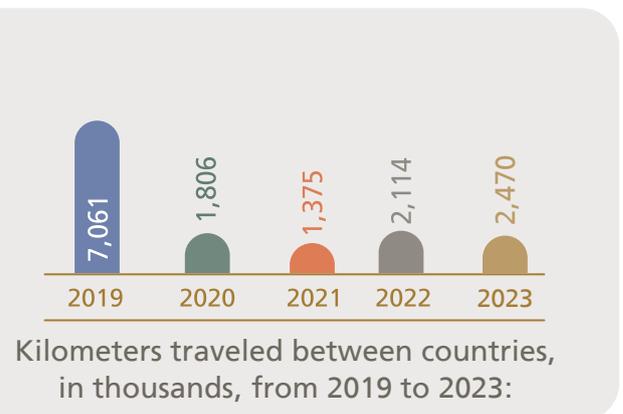
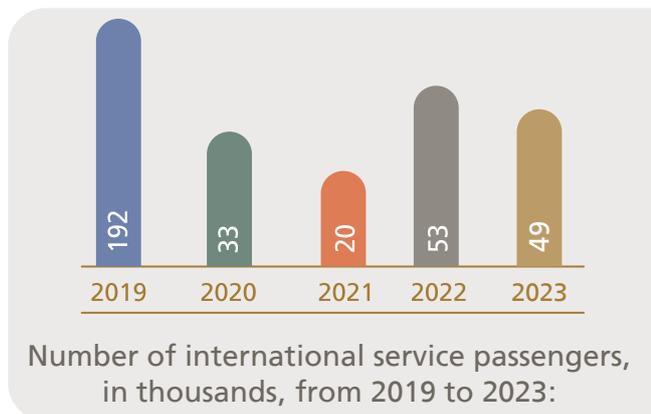
+48 Thousand Passengers

48,751 Passengers



+2,4 Million km

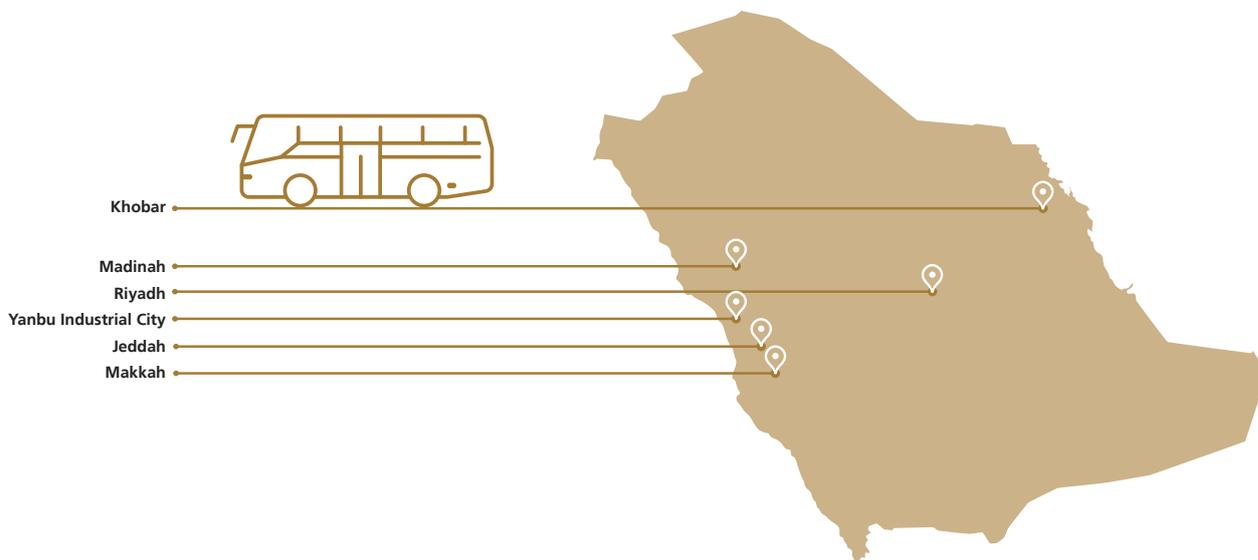
2,469,789 Kilometers Traveled



2.2- VIP Services

SAPTCO offers exclusive VIP Express services characterized by direct, non-stop routes and enhanced comfort including entertainment screens and internet access.

The service was stopped in 29/3/1445 Ah corresponding to 14/10/2023 AD due to the ending of concession contract. And SAPTCO subsidiary company (SAPTCO ALSA for Transportation – SAT) is successfully operating the service through-out selected lines.



With VIP EXPRESS



Snacks



Hot drinks



Screen TV service



Luxury seat



Direct trips



Wi-Fi



Charging points



99,242
Passengers



2,328,478
Kilometers Traveled



Second: Specialized Services

1- Charter Services

Charter services entail bus rentals tailored to the specific needs of clients or organizers of special events. This includes transportation for local and international Umrah pilgrims and visitors between Makkah and Madinah, as well as rentals for private tours to tourist or archaeological sites within or between cities. Rentals can be arranged on a daily or hourly basis.



Service Highlights:



Rentals on daily or hourly basis



Intercity bus transport rental



Rentals for tourist tours, schools and university trips



Transportation on Umrah pilgrims and visitors off the Sacred Mosque



Transportation of Hajj pilgrims to the Holy Sites (Haram, Mina, Arafat, Muzdalifah)

Key Achievements:

- Provided transportation services for the Royal Commission for Al-Ula and the Ministry of Tourism during the National Day celebrations.
- Successfully implemented transportation services for Cruise Saudi, the Gulf Championship, Formula 1 events, and the African Champions League.
- Delivered transportation services for the Riyadh Season and King Salman Cup events.
- Extended transportation services for the Investment Forum and the African Countries Summit.

Future Plans:

- Launching marketing campaigns to attract new clients.
- Leveraging conferences and events to secure additional contracts with both public and private sectors.
- Focus on service development and fleet modernization to ensure the delivery of high-quality services.

2- Charter Services for Hajj and Umrah

This service entails transporting pilgrims to the Hajj sites in Makkah (Haram, Mina, Arafat, Muzdalifah). SAPTCO plays a vital role in facilitating the movement of pilgrims throughout all stages of Hajj, ensuring their comfort and enabling them to perform this sacred ritual smoothly.

Service Highlights:



Transfer of pilgrims coming from the Jeddah and Madinah airports to Makkah and then to the Holy Sites



Rentals during Hajj performance and transport-to-Arafat days

Key Achievements:

- Successfully provided Hajj services for missions from Sudan and Egypt.
- Successfully provided Hajj services for missions from Iraq, Syria, Indonesia, and Iran.
- Successfully provided Hajj services for missions from Turkey.
- Successfully provided Hajj services for missions from Gulf region.

Future Plans:

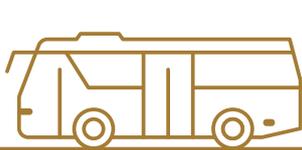
Strategically increasing contracts with missions to fully utilize the allotted seats registered with the General Automobile Syndicate Cars for the 1445 season.



3- Transfer Pilgrims to the Holy Mosque

This service facilitates the transportation of pilgrims and hotel guests to and from the Holy Mosque of Makkah, enabling them to perform prayers and participate in Hajj/Umrah rites as prescribed and regulated by the competent authorities.

Service Highlights:



Umrah transportation to the holy mosque



Hajj transportation to the holy mosque

Key Achievements:

- Ensured round-the-clock transportation services for Umrah pilgrims throughout the Umrah season.
- Provided transportation services for worshippers during the Ramadan season to Bab Ali site.
- Successfully delivered transportation services for the Turkish mission.
- Successfully delivered transportation services for the Sudani mission.
- Successfully delivered transportation services for the Iraqi and Irani missions.



Future Plans:

- Modernize the pilgrim bus fleet to enhance service standards.
- Expand contract numbers with clients and enhance service quality.

4- International Transportation Charter

Delivering comprehensive transportation services for Umrah pilgrims and visitors traveling to and from Gulf countries.

Service Highlights:



Private and
Tourist Tours



International Umrah
and Sacred Places



Hajj Pilgrims
Transportation

Key Achievements:

- Delivered year-round Umrah services for Bahrain, Emirates, and Kuwait countries.
- Provided comprehensive tourist services and tours.
- Offered transportation services for Russian pilgrims who came through the United Arab Emirates.



Future Plans:

Targeting new international agents to increase market share of international transportation.

5- The General Syndicate of Cars

Providing Hajj and Umrah services according to the number of registered seats at the General Syndicate of Cars.

Service Highlights:



Circumambulation - prayers -
Hajj performance - bandwidth transport
in the holy sites



Circumambulation -
Prayers

Key Achievements:

- Successfully provided Umrah services for the 1444 AH season.
- Transported worshippers to the Bab Ali site during Ramadan 1444 AH.
- Offered Hajj performance services for the 1444 AH Hajj season in alignment with the company's share at the General Syndicate of Cars.

Future Plans:

Strategically increasing the company's share at the General Syndicate of Cars.



6- Ongoing Contracts

This entails long-term agreements with government agencies, companies, and universities for the transportation of their employees.

Service Highlights:



Schools and universities transportation



Personnel transportation



Worker transportation for all sectors



Key Achievements:

- Successfully operated transportation services for King Abdullah Financial District (KAJD).
- Implemented electric vehicle services for The Royal Commission for Al-Ula.
- Successfully provided transportation services for female students of Tabuk University.
- Expanded operation points in Neom through contracts with Oxagon and Sandalah Development.
- Signed the contract of Al-Majal Master Services Company (for a period of 3 years).

Future Plans:

- Enhancing sales volume and market share.
- Sustaining ongoing contracts and increasing revenue streams.
- Reducing accounts receivable rates.

Our Clients:



7- Limousine Services

We provide an unparalleled chauffeur-driven limousine experience, ensuring the highest standards of comfort, convenience, and safety. Our diverse fleet includes luxury, family, and economy cars, available through long-term contracts tailored to meet the needs of the business sector.

Service Highlights:



Fixed monthly services



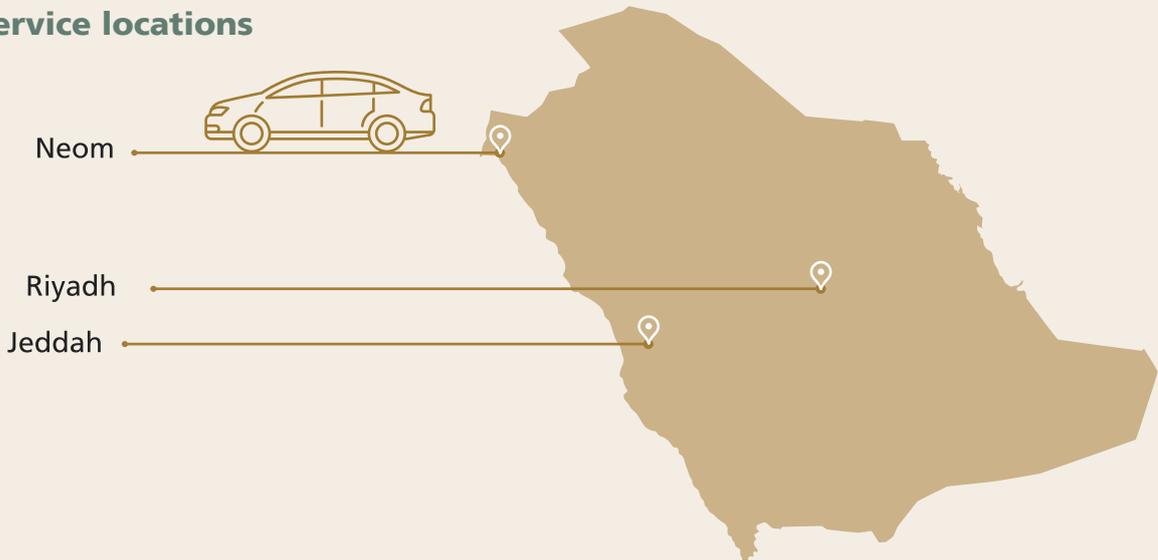
On-demand services



137

Vehicles

Service locations



Key Achievements:

Expanded the KAPSARC limousine contract.

Future Plans:

- Enhancing the variety and number of services offered.
- Increasing market share in targeted sectors.

8- Self-Driving Vehicles and Electric Buses

Key Achievements:

- Extending the operational contract for self-driving vehicles at King Abdullah University of Science and Technology (KAUST).
- Providing an eco-friendly transportation (electric bus) in Al-Ula city, as part of tourism attractions tours, through the Royal Commission for Al-Ula contract.



Service Locations:



Technical Affairs

The Technical Affairs Sector (TAS) is an integral part of the Shared Technical Services Unit. It is dedicated to all engineering and maintenance tasks concerning the Company's fleet, ensuring optimal readiness that positively impacts meeting both internal and external requirements. Under the administrative purview of the Director-General of the Technical Affairs Sector, it comprises two main departments:



Maintenance Department

The Maintenance Department is responsible for outfitting vehicles, executing periodic, preventive, and corrective maintenance programs, managing fleet modifications and bodywork repairs. Additionally, it focuses on enhancing the fleet's efficiency through a suite of programs designed to uphold the effectiveness of the entire Company fleet.



Warehouses and Logistics Department

This department is dedicated to providing M&O units across all regions of the Kingdom with spare parts, oils, and maintenance necessities.



Key Achievements:

- Initiated commercial transformation within the maintenance and logistics services sector by securing contracts with multiple parties to provide maintenance services for the company fleet.
- Launched a project aimed at developing and implementing SAPTCO maintenance and logistics standards in Riyadh (SAPTCO Way).
- Implemented SAPTCO Standard operating hours.
- Designated the maintenance and logistics sector as a service provider for the YUTONG brand.
- Commenced manufacturing and exporting fiberglass parts for other companies.
- Initiated the project to upgrade the maintenance and warehouse system from Oracle EAM to Oracle Fusion.
- Activated and integrated production incentives for technicians.
- Conducted training for packaging Yuchai’s units to attain company accreditation in the Kingdom of Saudi Arabia.



TAS has integrated workshops distributed across the Kingdom, as well as highway stationing points



Different types of workshops

4
Major Areas

4
Public Transportation projects

2
Central workshop



85 Mobile workshops

4
big workshops

63
small workshops



18
tow trucks



+900 Employees

+500
technicians

+100
maintenance and supply drivers



190
administrative staff

SAPTCO Training Academy

SAPTCO Training Academy is a cornerstone in fostering the productivity and efficacy of workers across all domains, aiming to continuously develop their capabilities through comprehensive training programs. Recognizing the paramount importance of personnel preparedness, SAPTCO has embarked on establishing a training academy to cultivate scientifically qualified professionals.

The academy aspires to become the preeminent authority in heavy road transport industry sciences throughout the Middle East. Its overarching vision includes contributing to enhanced traffic safety by offering training services and programs designed to refine drivers' skills and behaviors. Moreover, the Academy is committed to environmental stewardship through the design, implementation, and management of driver education programs in Saudi Arabia and the wider region. Additionally, it seeks to provide improvement, development, and training services tailored for bus and vehicle maintenance technicians.

Strategically, the Training Academy is envisioned to evolve into an independent profit center. Thus, it is imperative for the Academy to identify and cultivate revenue streams autonomously, leveraging these resources to offer services to both internal and external stakeholders.



Key Achievements:

- Established a maintenance simulation workshop and is in the process of securing simulators to complete the technical training project.
- Formed a cooperative agreement with WAK Training and Consulting Academy to establish driving schools.
- Forged a cooperative agreement with The International Road Transport Union (IRU).
- Certified trainers and evaluators through the IRU system to assess drivers and issue certificates of competency.
- Established a cooperative agreement with the Middle East Logistics High Institute (MELI).
- Prepared and trained new Saudi trainers to join the training staff.

Developing and modernizing the training course



61

Training Courses

Testing And Evaluating



450

Drivers

Training



3,705

Permanent Drivers

Training Occasional



1,530

Drivers

557 Courses

7,351 Training Opportunity

237 Courses

2,542 Training Opportunity

Customer Department

+507,000
Calls received



87%
Calls answered



87%
Customer
satisfaction rate



88%
Problem solving
rate on the first call



Human Resources

Human Resources Management plays a vital role in cultivating and nurturing the Company's human capital. By meticulously assessing the quantity and caliber of resources necessary to fulfill the Company's human requirements, the HR Sector endeavors to facilitate the execution of job functions and the realization of both sectoral and corporate objectives. In reciprocity, the sector offers comprehensive support to employees, overseeing their welfare, recognizing their contributions, and fostering an engaging and conducive work environment. Its pivotal departments include Recruitment, Strategy & Organizational Development, and Personnel Affairs.

Manpower Distribution by Job Category

 **Administrative**
486

 **Operational**
325

 **Technical**
652

 **Drivers**
1,718

 **Total**
3,181

 **Saudization**
%26.56

Key Achievements:

- Revised the company's organizational structure to enhance efficiency.
- Modernized job descriptions across all positions to align with the updated organizational framework.
- Played a pivotal role in establishing the Human Resources department at SAT Transport Company, contributing to the formulation of the organizational structure, payroll system, job grading, and employee incentive programs.
- Successfully secured **800,733** Saudi Riyals in 2023 through the HRDF's Saudization support program.

Future Plans:

- Intensify efforts to provide extensive training and development opportunities aimed at enhancing employees' competencies and skills to meet the Ministry of Human Resources and Social Development requirements.
- Strategically increase Saudization rates within the company.
- Implement the Future Managers Program across various departments and divisions throughout 2024.
- Enhance the annual performance evaluation system for employees within the new Oracle system.

Corporate Communications and Digital Marketing Activities

1- Event Sponsorship



SAPTCO proudly sponsored the national finals of the World Robot Olympiad Championship for the 2023 season.

2- Media coverage for numerous achievements



Signing the contract for public bus transportation in Jazan.



Signing the contract for public bus transportation project in Buraidah and Unaizah.

3- Internal Events



Health Zone event



Foundation Day



National Day



Greeting meetings for SAPTCO employees

4- Sports Activities



In collaboration with the Labor Committee, SAPTCO actively engaged in the Kingdom's 3rd SNCWC Championship, demonstrating its commitment to promoting employee wellness and fostering a healthy work-life balance.

5- Social Media Accounts

Total followers on each platform



105,500 followers



26,000 followers



160,351 followers



17,700 followers



20,490,148

Number of impressions on social media platforms



16,919

Number of interactions with SAPTCO social media campaigns



1,772,274

Number of Company website visitors

6- SAPTCO Most Prominent Campaigns in 2023



National day special offer



Official launch of SAPTCO ALSA for transportation (SAT)

7- Top Designs and Artworks in 2023



Subsidiary Companies



Saudi Emirates Integrated Transport Limited (SEITCO)

Providing safe and reliable transportation for public school students through partnerships with Rafid Company.



Key Achievements:

- Successfully transported **155,000** students daily via a fleet of more than **3,550** school buses.
- Extended services to benefit more than **3,950** schools in total.
- Implemented school transportation solutions across Riyadh, Al-Madinah Al-Munawwarah, and Tabuk cities and governorates.
- Implemented the Odoo customer relationship management system for streamlined interactions.
- Conducted comprehensive training programs for over **3,000** drivers across various projects, emphasizing security and safety protocols.



شركة المواصلات العامة
Public Transportation Co



Facilitating the Riyadh Bus Network as part of the King Abdulaziz Project for Riyadh Public Transport, encompassing passenger transportation within the city of Riyadh, including supply, operation, maintenance, and management.

Riyadh Bus Project Highlights:

Coverage Areas **Inside the city of Riyadh**



842
buses



2
accommodation,
maintenance and
staff housing
centers



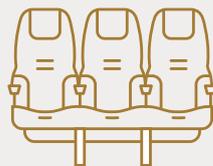
2
BRT routes



87
lines



4,000
Employees



11.8
passengers
per year



Universal access
for people with
disabilities

Key Achievements:

- Commenced passenger operations (first phase) in March 2023.
- Successfully executed all five phases, resulting in a total of **11.8** million passengers served, operated **842** buses and established **87** routes, encompassing **2** BRT routes and **49** operational lines by the end of 2023.



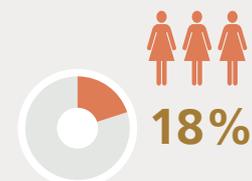
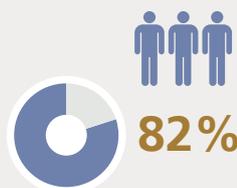


Capital Metro Limited Company - CAMCO

As the steward of the Riyadh Metro Project's first and second tracks, comprising six tracks under the purview of the Royal Commission for Riyadh City development, CAMCO stands at the forefront of innovative transportation solutions. CAMCO represents a robust Saudi-French partnership, with RATP Dev holding an **80%** stake and SAPTCO Public Transport Company holding the remaining **20%**.

Key Achievements:

- Initiated the trial operation phase for the second track along King Abdullah Road, marking a significant milestone in project progression.
- Successfully onboarded, trained, and imparted knowledge to **1,230** employees, fulfilling a crucial objective of the project and prioritized the recruitment and development of local talent which resulted in a noteworthy Saudization rate of approximately **65%** among the company's workforce.







DIGITAL MOBILITY SOLUTIONS INVESTMENT COMPANY

is a pioneering venture capital firm dedicated to addressing the evolving demands of modern lifestyles. Our focus lies in creating platforms that provide advanced digital solutions, catering to the sustainable mobility needs of both businesses and individuals, in alignment with the Kingdom's Vision 2030 objectives aimed at enhancing overall quality of life.

Key Achievements:

- Secured the Arabian Best of Best Awards for Best Technology Transportation Mobility category.
- Earned the rating of the best work environment in Saudi Arabia for the year 2023 from Great Place to Work.
- Ranked as the **25th** in the classification of best work environment in the technology sector across the GCC region from Great Place to Work.
- Achieved the award of Top Innovative Transportation & Mobility in the conference of Digital Marketing, Advertising and Technology which was held in Dubai.
- Secured the Most Inspiring Company award for the Mobility category at the Middle East level, presented by Transport & Logistics M.E. The award ceremony was held in Dubai.
- Obtained the American Accreditation Certificate ISO from the IAS and IAF:
 - 9001: ISO (Quality Management System)
 - 20000: ISO (IT Service Management)
- Transported more than **25** thousand passengers through the participation of the International Technical Conference LEAP 2023, represented by REKAB Solutions Company as a sponsor of shared transportation.
- Signed a partnership agreement on the sidelines of the LEAP exhibition with STC Pay to benefit from digital secure financial payment services and facilitate the customer experience for DMS affiliates.
- Participated in the Riyadh International Industry Week Forum Exhibition, represented by REKAB Solutions Company and FastMile Company, as a sponsor of shared transportation.
- DMS Company's participated in the IEEE International Conference in the judging and evaluation committee for transportation and logistics service projects in the International Transport Challenge Competition, and participated in a dialogue session about innovation and smart mobility.
- Participated in the World Tourism Forum, represented by REKAB Solutions Company and eJourney Company.



1- Smart Participatory Mobility Service - REKAB Solutions Company

REKAB introduces an innovative participatory service revolutionizing city mobility with vehicles equipped with cutting-edge comfort and safety technologies. Offering on-demand cars that arrive at your location whenever you need them, REKAB takes you seamlessly to your desired destination.

REKAB in numbers

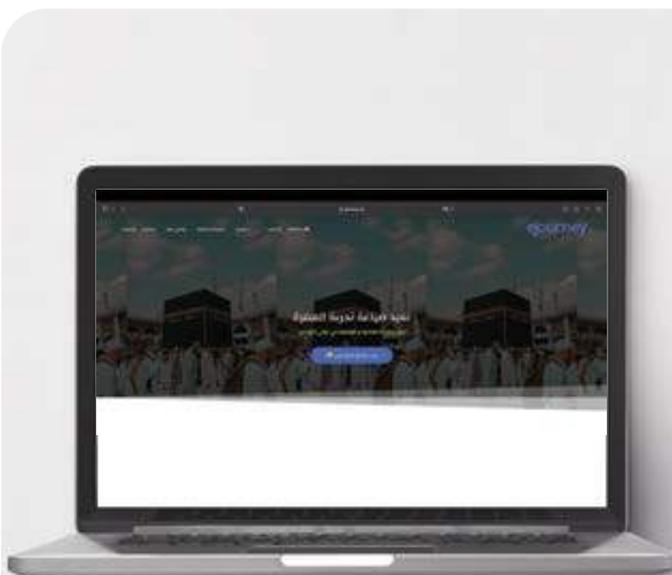


2- EJOURNEY



EJOURNEY stands as the pioneering platform in the region, catering to the needs of pilgrims, internal tourism, and visitors from abroad, enhancing their experiences with unparalleled ease and flexibility through chartering vehicle services.

eJourney In Numbers 2023



Total Guests **+7,500**

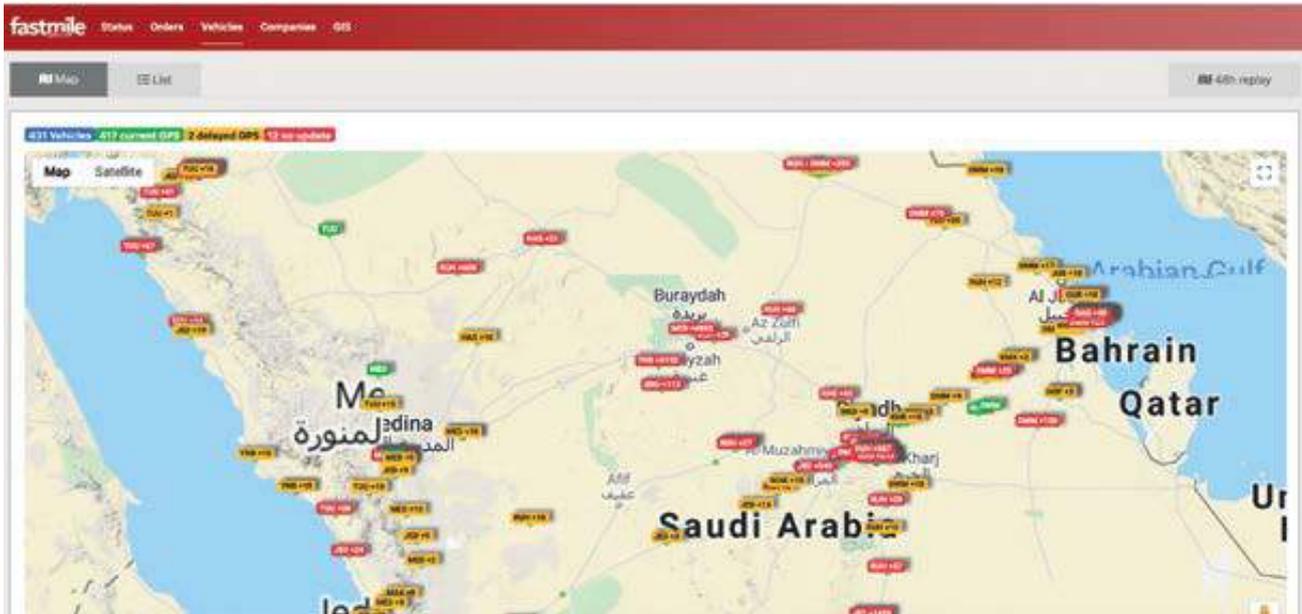
Total Rooms **+3,000**

Total Buses **+400**

3- FASTMILE

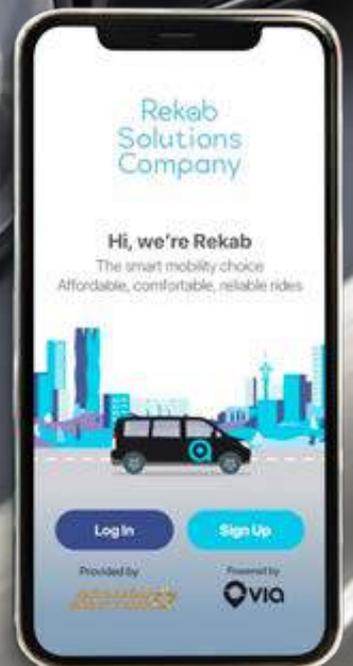


Fast Mile presents a package transportation service leveraging SAPTCO buses across the Kingdom's cities, facilitating over 500 trips daily to transport packages from specialized shipping and e-commerce companies. This service aims to reach areas not covered by private sector shipping services.



Key Achievements:

- Successfully delivered more than **250** thousand packages across various regions of Saudi Arabia.
- Conducted over **30,000** trips through partner service providers utilizing buses and trucks.
- Formally established contracts with over **80** local and international companies, streamlining expansion efforts and accessibility.
- Facilitated shipping services exceeding **1.5** million kilograms throughout 2023.
- Extended services to over **80** cities and regions across Saudi Arabia.
- Achieved a remarkable increase in package shipments, surpassing a growth rate of **300%**.
- Introduced an advanced platform to enhance shipment tracking capabilities and delivery date visibility.





SAPTCO ALSA for Transportation (SAT) was established by an alliance between SAPTCO (85%) and the Spanish Company ALSA (15%) to implement the contract concluded with the Public Transport Authority to operate intercity bus services in the Southern Region. The services started in all locations on October 15, 2023 based on the signed contract.

The Public Transport Authority proposed an intercity bus services in the kingdom to provoke the competition between international and local companies, by dividing the transportation's network and lines into three geographical major areas, which are the north area, the northwest area and the south area.

SAT Highlights



10 Years
Contract



183
Employees



430
Drivers



Number of lines
31 Lines



Network coverage cities
106 Cities



Number of stations
10 Stations



Number of agents
44 Agents



Number of buses

129 Buses



Accommodation and maintenance centers

4 Centers



Annual number of passengers

1.8 Million

With new vision
Our ambition is bigger...
Our passion to serve is greater



Key Achievements:

- SAPTCO ALSA for Transportation (SAT) won the concession contract for the Southern Region, and the services started in all locations on October 15, 2023.
- Preparing the stations for SAPTCO ALSA Transport Company (SAT) since the customers operations started on October 15, 2023.





**Consolidated Financial
Statements and Independent
Auditor's Report for the
Year Ended on 31 December 2023**

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

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

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KPMG Professional Services

Roshn Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (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 منقطة، 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". و هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الجائزة محدودة بضمان. جميع الحقوق محفوظة.



Independent Auditor's Report (Continued)

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

Key Audit Matter (continued)	
Revenue recognition – See note (5-4) to the consolidated financial statements for the accounting policy relating to revenue recognition and note (31) to the consolidated financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2023, the Group recognised total revenue of SR 1,569 million (2022: SR 1,319 million). Sales from transportation of passengers are recognized as revenue when the respective transportation services are rendered.</p> <p>Sales from transportation of passengers and specialised services, are recognized at a point in time.</p> <p>Revenues from service concession arrangements, are recognized over time in accordance with agreed contractual terms and completion of works.</p> <p>We considered revenue recognition as a key audit matter because revenue is one of the Group's performance indicators giving rise to an inherent risk that revenue could be subject to overstatement to meet targets or expectations.</p>	<p>Among other procedures, our procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the design, implementation and operating effectiveness of management's key internal controls (including relevant IT general and application controls) which govern the revenue recognition process; • Evaluated the Group's revenue recognition policy; • Tested a sample of revenue transactions made during the year and inspecting underlying supporting documentation; • Inquired from management whether there were actual or suspected cases of fraud; • Tested a sample of credit notes post the year-end, where applicable, to assess that the revenue is recorded in the correct period; and • Considered the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.



Independent Auditor's Report (Continued)

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

Key Audit Matter (continued)	
<p>Assessing potential impairment of Property, plant, and equipment (Buses and Vehicles)– See notes (5-11) and (5-20) to the consolidated financial statements for the accounting policy relating to property, plant, and equipment and note (7) to the consolidated financial statements for the related disclosures.</p>	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023, the Group's property, plant and equipment amounted to SR 1,149 million (2022: SR 919 million).</p> <p>The management performed an impairment assessment by comparing the carrying value of the cash generating units (CGU) for buses, trucks and related assets amounting to SR 811 million, to their recoverable amount, being the higher of fair value less costs of disposal and value in use, to determine if any impairment loss should be recognized.</p> <p>The recoverable amount of the identified CGU was determined based on Value-In-Use ("VIU") calculations based on discounted cash flows forecasts.</p> <p>Estimating the value in use comprises of projections of future discounted cash flows of the cash-generating units, approximations of growth rates and discount rates which are inherently subject to significant uncertainty due to changing economic conditions and trends.</p> <p>We considered the assessment of impairment of buses, trucks, and related assets as a key audit matter because the assessment includes certain significant assumptions, and involves an element of uncertainty.</p>	<p>Among other procedures, our procedures included the following:</p> <ul style="list-style-type: none"> • Assessed the design and implementation of management's key internal controls which govern the process around assessing potential impairment of property, plant and equipment (Buses, trucks and related assets); • Assessed management's identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment; • Evaluated the assumptions adopted in the preparation of the discounted cash flow forecasts, including projected future growth rates for income and expenses and discount rate with reference to our understanding of the business, historical trends and available sector information. • We used our own valuation specialists to assess the methodology adopted by management in its impairment assessment of property, plant and equipment (Buses, trucks and related assets); • Performed sensitivity analyses on the key assumptions, including weightage average cost of capital ('WACC'), used in the discounted cash flow forecast and assessing whether there were any indicators of management bias in the selection of these assumptions; and • Considered the adequacy of the related disclosures made by the management in the Group's consolidated financial statements.



Independent Auditor's Report (Continued)

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

Other Information

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

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

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

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

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

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

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

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

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

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



Independent Auditor's Report (Continued)

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

KPMG Professional Services

Fahad Mubark Al Dossari
License No.: 469

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



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

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

Authorized board member

Chief Financial Officer

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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year end 31 December 2023

(Saudi Arabian Riyals in '000)

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



Authorized board member

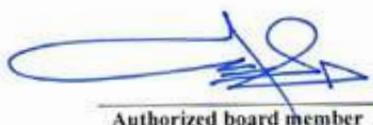


Chief Financial Officer

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

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

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



Authorized board member



Chief Financial Officer

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

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

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

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

Authorized board member



Chief Financial Officer



The accompanying notes 1 through 41 form an integral part of these consolidated financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year end 31 December 2023

(Saudi Arabian Riyals in '000)

	Note	31 December 2023	31 December 2022
Operating activities			
Loss for the year before Zakat and income tax		(11,721)	(90,507)
<i>Adjustments to reconcile loss before Zakat and income tax to net cash flow:</i>			
Depreciation of property, plant and equipment, buses and trucks	7	170,522	148,458
Amortization right-of-use of assets	10	15,330	18,478
Amortization of intangible assets	9	10,790	8,188
Impairment loss of intangible and tangible assets	7	6,577	55,975
Impairment loss on trade receivables and other current assets	14	13,738	16,000
Reverse of Zakat provision		(12,804)	-
(Reversal) / provision of Inventories	13	(253)	2,622
Share in loss of a joint venture	11	26,694	20,655
Impairment / (Reversal of impairment) of assets held for sale	35	17,309	(4,220)
Share in losses of associates	11	1,669	2,801
Finance cost		82,331	62,803
Finance income		(8,001)	(1,376)
Provision for employees' defined benefits obligations	23	24,737	24,738
Loss / (Gain) from sale of property, plant and equipment net		141	(5,822)
Gain on termination of lease		300	-
Interest expense on lease liabilities		2,165	2,780
Change in investments in equity instruments through FVTPL	16	(1,014)	1,340
Cash flow after adjustments for non-cash items		338,510	264,913
Changes in:			
Inventories	13	(2,152)	(11,592)
Trade receivables and unbilled receivables	14	297,367	698,880
Amounts due from related parties	27	1,103	(13,430)
Prepayments and other current assets	15	(26,732)	7,477
Other non-current assets		818	817
Trade payables	26	(119,423)	54,120
Amounts due to related parties	27	(7,790)	10,447
Advance from a customer	22	(171,437)	(225,384)
Accrued expenses and other current liabilities	28	89,486	51,945
Contract liabilities	23	(390)	(17)
Cash flows generated from operating activities		399,360	839,985
Zakat and income tax paid	29	(4,955)	(30,451)
Employees' defined benefits liabilities paid	23	(50,578)	(20,023)
Net cash flows generated from operating activities		343,827	789,511
Investing activities			
Investments in equity instruments through FVTPL	16	(588)	(9,244)
Liquidation investments in equity instruments through FVTPL	16	-	381
Proceeds from sale of property, plant and equipment, buses and trucks	7	655	11,460
Purchase of property, plant and equipment, buses and trucks	7	(458,081)	(175,185)
Purchase of intangible assets	9	(10,641)	(26,859)
Net cash used in investing activities		(468,655)	(199,447)
FINANCING ACTIVITIES			
Proceeds from Murabaha financing		895,800	1,021,135
Payment of Murabaha financing		(1,231,037)	(952,730)
Payment of lease liabilities		(17,668)	(20,341)
Proceeds from issuance of shares to NCI by a subsidiary		1,500	-
Repayment of finance costs		(81,378)	(56,399)
Net cash outflows from financing activities		(432,783)	(8,335)
Net (Decrease) / Increase in cash and cash equivalents		(557,611)	581,729
Cash and cash equivalents at 1 January		991,859	410,130
Cash and cash equivalents at 31 December		434,248	991,859
Significant non-cash transaction			
Transferred from intangible assets to property and equipment		-	117
Right-of-use assets		26,090	56,016
Lease liability on right-of-use assets		26,090	56,016
Transferred from assets held for sale to property and equipment		39,300	324
Transferred from intangible assets to unbilled receivables		-	50,882
Discounting impact of due from related party loan		9,960	-
Derivative financial asset – interest rate SWAP		4,752	-
Authorized board member			Chief Financial Officer



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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

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(Saudi Arabian Riyals in '000)

I. REPORTING ENTITY

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

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

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

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

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

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

Subsidiaries	Year of incorporation	Shareholding		Principal activity	Country of incorporation
		31 December 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 self-mobility technologies	Kingdom of Saudi Arabia
SAT Transport company	2023	85%	-	Intercity Transportation Services	Kingdom of Saudi Arabia

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1. REPORTING ENTITY (CONTINUED)

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

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

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

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

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

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

The Company has the following equity account investees:

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

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

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1. BASIS OF PREPARATION**a) Statement of compliance**

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

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

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

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

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

b.1- New Standards, Amendment to Standards and Interpretations:**b.1.1- Amendment of IAS 1**

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

b) New accounting standards or amendments effective in 2023 and subsequent years. (Continued)**b.1.2- Amendments to IAS 8**

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

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

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

b.2- Standards issued but not yet effective

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

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

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

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

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2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

b.2.5- IFRS S1, 'General requirements for disclosure of sustainability-related financial information

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

b.2.6- IFRS S2, 'Climate-related disclosures'

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate related risks and opportunities.

c) Going Concern

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgments

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

Judgments

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

- Revenue recognition: whether revenue is recognized over time or at a point in time. note (31)/ policy 5.4
- Consolidation policy 5.1: whether the Group has de facto control over an investee.

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

- Note 14/ policy 5.5: measurement of impairment loss on trade receivables and contract assets: key assumptions in determining the weighted-average loss rate; and.
- Note 7.1/ policy 5.20: impairment test on property, plant and equipment, buses, trucks, and intangible assets; key assumptions underlying recoverable amounts;
- Note 23/ policy 5.16: measurement of defined benefit obligations: key actuarial assumptions.
- Note 31 The application of IFRS 15 has required management to make the following judgements.

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)*Use of estimates and judgments (Continued)***Satisfaction of performance obligations**

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

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

In addition, the application of IFRS 15 has resulted in the following estimation process:

Allocation of transaction price to performance obligation in contracts with customers

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

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

Estimate over cost to complete the project

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

Impairment loss of unbilled receivables

The Group apply the general method for assessing expected and specific credit losses under IFRS 9.

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

Measurement of fair values

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

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

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3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)*Use of estimates and judgments (Continued)*

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active financial markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. MATERIAL ACCOUNTING POLICIES

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

5.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023 and collectively referred to as ("the Group"). Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.1 Basis of consolidation (Continued)**

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

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

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

5.2 Equity accounting in investee

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

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

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

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.2 Equity accounting in investee (Continued)

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

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

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

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

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

Assets are current when they are:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle.
- If it is acquired mainly for trading purposes.
- Expected to be realized within twelve months after the reporting period, or Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- When it is expected to be settled in the normal operating cycle.
- If it is acquired mainly for trading purposes.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial period.

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Revenue from contracts with customer

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

Step 1: Identify the contract with the customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a contract with a customer to transfer a good or service to the customer.
Step 3: Identify the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocation of transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue as it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Identify the contract with the customer

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

Identify the performance obligations

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

Identify the transaction price

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

Allocation of transaction price

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.4 Revenue from contracts with customer (Continued)**

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

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

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

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

Revenue is recognized upon when services are rendered to customers.

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

The Group generates revenue from the following areas:

- a) Passenger transport
- b) Revenue from specialized services
- c) Revenue from government contracts
- d) Service concession arrangements with third parties
- e) Revenue from digital mobility solution

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.4 Revenue from contracts with customer (Continued)****(a) Revenue from passenger transport**

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

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

(b) Revenue from specialized services

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

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

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

(c) Revenue through government contracts

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

(d) Service concession arrangements

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

Service concession arrangement:

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Revenue from contracts with customer (continued)

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

<u>Type of Project</u>	<u>Nature and timing of satisfaction of performance obligations, including significant payment terms</u>	<u>Revenue recognition</u>
King Abdulaziz Project for Public Transport in Riyadh	<p>The Company recognizes revenue from the services over time when project-related costs are incurred for each of the separately identified performance obligation through the adoption of cost plus basis.</p> <p>A profit margin is based on cost by recognizing the revenue for each performance obligation.</p> <p>The Company has the following performance obligations:</p> <ol style="list-style-type: none"> i. Preparation ii. Purchase of buses iii. Construction of warehouses iv. Operation of buses v. Facility management vi. Traffic control center <p>Invoices are submitted to the customer based on the payment stages agreed upon in the contract and the mechanism for issuing monthly invoices. The customer acknowledges the work performed before issuing invoices. Invoices are payable within 60 days. Amounts not billed are presented as unbilled revenue.</p>	Revenue is recognized over time as per the contractual terms agreed and completion of work.

(e) Revenue from digital mobility solution

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

5.5 Financial instruments

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.5 Financial instruments (continued)****Recognition**

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

Classification

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

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

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

The Group has implemented the following classifications:

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

Financial assets***Initial recognition and measurement***

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.5 Financial instruments (continued)****Financial assets (continued)**

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

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

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

Subsequent measurement

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

Financial assets carried at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest revenue or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest revenue, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investment at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

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

Financial assets at FVTPL:

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

Derecognition

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.5 Financial instruments (continued)****Financial assets (continued)****De-recognition**

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

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

Impairment

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

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

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Financial instruments (continued)

Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 720 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or the disappearance of the active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Financial Liabilities

Initial recognition

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

All financial liabilities are recognized initially at fair value and, in the case of loans, other payables and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (long-term payables and lease liabilities).

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortized cost

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.5 Financial instruments (continued)**

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

De-recognition

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

Offsetting of financial instruments

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

Write-off

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

5.6 Cash and cash equivalents

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

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

5.7 Dividends Payable

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

5.8 Provisions***General***

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.9 Assets held for sale**

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

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

5.10 Inventories

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

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

5.11 Property, plant and equipment, buses and trucks

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

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

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

Depreciation is not calculated on lands.

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.11 Property, plant and equipment, buses and trucks (continued)**

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

5.12 Leases

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

5.12.1 Group as a lessee

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

a) Right-of-use assets

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

b) Lease liabilities

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

5.12.2 Group as a lessor

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

5.13 Investment properties

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.13 Investment properties (Continued)**

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

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

5.14 Intangible assets

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

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

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

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

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

Software

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

Research and development

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.14 Intangible assets (continued)**

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

Computer software 3 - 10 years
DMS application system 5 years

5.15 Foreign currencies**Foreign currency translation**

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Foreign operations

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

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

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

5.16 Employee benefits

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.16 Employee benefits (Continued)

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

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

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

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

5.17 Finance costs

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

5.18 Zakat and income tax

Zakat

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

Income tax

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

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.18 Zakat and income tax (continued)****Income tax (continued)**

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

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

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

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

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

Deferred tax

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

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

Value Added Tax (VAT)

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

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

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

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**5.18 Zakat and income tax (continued)****Withholding Tax**

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

5.19 Earnings per share

Basic and diluted earnings per share is calculated by dividing:

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

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

5.20 Impairment of non-financial assets

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

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

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

For assets excluding goodwill, the Group assesses at each reporting date to determine the extent to which previously recognized impairment losses continue to exist or have decreased. If any such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed, except for impairment losses relating to goodwill, only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that have been previously determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is included in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as an increase in the revaluation.

5.21 Finance income

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

5.22 Dividends receivable

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

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6. OPERATING SEGMENTS

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

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

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

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

Inter-segment and inter business units' revenues are eliminated upon consolidation and reflected in the "adjustments and eliminations" column.

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

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

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

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6. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments

	Concession for the King Abdul- Aziz Project for Public Transport in Riyadh							
	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Digital mobility solutions SR'000	Public Transport in Riyadh SR'000	Total segments SR'000	Adjustments and eliminations SR'000	Total SR'000
For the year ended 31 December 2023								
Total revenue (Note 31)	546,882	458,620	-	27,176	546,625	1,579,303	(9,647)	1,569,656
Cost of revenue (Note 32)	(420,571)	(497,876)	-	(64,642)	(405,374)	(1,388,463)	89,532	(1,298,931)
Gross (loss) / profit	126,311	(39,256)	-	(37,466)	141,251	190,840	79,885	270,725
Impairment on assets held for sale and intangible assets	17,309	-	-	6,577	-	23,886	-	23,886
Loss before zakat and income tax	56,094	(112,839)	29,028	(67,764)	84,634	(10,847)	(874)	(11,721)
For the year ended 31 December 2022								
Total revenue (Note 31)	630,923	333,117	-	24,570	333,163	1,321,773	(2,306)	1,319,467
Cost of revenue (Note 32)	(405,717)	(386,086)	-	(80,585)	(291,258)	(1,163,646)	20,262	(1,143,384)
Gross (loss) / profit	225,206	(52,969)	-	(56,015)	41,905	158,127	17,956	176,083
Impairment of tangible and intangible assets	47,782	-	-	8,193	-	55,975	-	55,975
Loss before zakat and income tax	135,604	(105,718)	(115,508)	(86,452)	(25,133)	(197,207)	106,701	(90,507)

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6. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

As at 31 December 2023	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh						Total segments SR'000	Adjustments and eliminations SR'000	Total SR'000
	Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Digital mobility solutions SR'000	Public Transport in Riyadh SR'000	Total segments SR'000			
Total assets	502,030	1,140,398	695,827	50,399	1,847,318	4,235,972	(199,755)	4,036,217	
Total liabilities	392,037	713,215	308,553	216,104	1,823,031	3,452,940	(338,413)	3,114,527	
Other disclosures:									
Property, plant and equipment, buses and trucks	198,944	838,565	98,202	4,035	9,711	1,149,457	-	1,149,457	
Equity accounting investees	-	-	30,274	-	-	30,274	-	30,274	
As at 31 December 2022	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh						Total segments SR'000	Adjustments and eliminations SR'000	Total SR'000
Passenger transport SR'000	Specialized services SR'000	Head office SR'000	Digital mobility solutions SR'000	Public Transport in Riyadh SR'000	Total segments SR'000				
Total assets	474,846	852,059	695,996	94,686	2,685,259	4,802,846	(128,778)	4,674,068	
Total liabilities	252,589	493,751	331,475	192,623	2,741,218	4,011,656	(277,257)	3,734,399	
Other disclosures:									
Property, plant and equipment, buses and trucks	229,633	586,249	90,588	4,187	8,647	919,304	-	919,304	
Equity accounting investees	-	-	46,723	-	-	46,723	-	46,723	

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

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

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

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

7.1 Impairment test of buses and trucks

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

7.2 Projects and buses under progress/ preparation

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

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

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

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

8. INVESTMENT PROPERTIES

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

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

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

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8. INVESTMENT PROPERTIES (CONTINUED)

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

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

9. INTANGIBLE ASSETS, NET

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

a) Software, applications and licenses

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

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

b) Other intangible assets

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

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9. INTANGIBLE ASSETS, NET (CONTINUED)

b) Other intangible assets (continued)

Modification to public transport project contract

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

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

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

10. RIGHT-OF-USE ASSETS, NET

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

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

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11. EQUITY ACCOUNTED INVESTEEES

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

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

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

The investment balance in joint venture is as follows:

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

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

The following table summarizes SEITCO's financial information:

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

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11. EQUITY ACCOUNT INVESTEES (CONTINUED)

Continuation to the table of SEITCO's financial information:

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

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

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

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

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

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

The following table summarizes the financial information of CAMCO:

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

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11. EQUITY ACCOUNTED INVESTEEES (CONTINUED)

Continuation to the table of CAMCO's financial information

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

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

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

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

12. UNBILLED RECEIVABLES

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

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

Movement summary unbilled receivable is as follows:

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

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12. UNBILLED RECEIVABLES (CONTINUED)

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

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

13. INVENTORIES, NET

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

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

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

14. TRADE RECEIVABLES, NET

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

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

The movement of Impairment loss on trade receivables:

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

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15. PREPAYMENTS AND OTHER CURRENT ASSETS

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

The movement of impairment loss on other current assets:

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

16. OTHER INVESTMENTS, INCLUDING DERIVATIVES

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

a) financial assets at fair value through profit or loss

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

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

b) Derivative financial asset – interest rate SWAP

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

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17. CASH AND CASH EQUIVALENTS

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

18. SHARE CAPITAL

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

19. STATUTORY RESERVE

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

20. CONSENSUAL RESERVE

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

21. MURABAHA FINANCING

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

- a) During 2019, PTC entered into an agreement with a local bank for long-term Murabaha facilities amounting to SAR 200 million with a maturity of five years due in quarterly payments of SAR 10 million. The facilities have been fully withdrawn. The first payment was started in the third quarter of 2020. During 2023, the PTC has repaid SAR 40 million. The remaining principal as of 31 Dec 2023 is SAR 60 million. The facility is subject to SAIBOR plus 1.25%.
- b) During 2021, PTC signed an extension agreement with a local bank related to long-term Murabaha facilities of SAR 800 million and SAR 150 million (original agreement dated 20 May 2018) for a revised facility amount of SAR 1,150 million and withdrew an additional amount of SAR 200 million during the year 2021. The facility is fully utilized. This loan has been rescheduled with a maturity period of nine years due in quarterly repayments starting from the first quarter of 2023. Accordingly, the PTC has repaid SAR 200 million. Further, during 2023, PTC has additionally repaid SAR 400 million which has resulted into a reduction of quarterly instalment to SAR 25 million from SAR 75 million. The remaining outstanding balance is SAR 522 million as of 31 December 2023. The facility is subject to SAIBOR plus 1.5%.

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21. MURABAHA FINANCING (CONTINUED)

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

Short-term Murabaha financing

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

Murabaha financing, including short term financing.

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

Murabaha and long-term financing are as follows:

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

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

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21. MURABAHA FINANCING (CONTINUED)

A summary of the Murabaha transaction is as follows:

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

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

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

22. ADVANCE FROM A CUSTOMER

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

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

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

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23. EMPLOYEES' BENEFITS LIABILITIES

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

Employees' benefits liabilities

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

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

Gains on revaluation recognized in OCI:

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

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

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

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

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23. EMPLOYEES' BENEFITS LIABILITIES (CONTINUED)

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

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

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

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

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

24. LEASE LIABILITIES

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

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24. LEASE LIABILITIES (CONTINUED)

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

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

25. CONTRACT LIABILITIES

	31 December 2023	31 December 2022
	SR'000	SR'000
Passenger advance revenues	<u>9,542</u>	<u>9,932</u>
	<u>9,542</u>	<u>9,932</u>

26. TRADE AND RETENTION PAYABLES

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

27. RELATED PARTIES

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

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27. RELATED PARTIES (CONTINUED)

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

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

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

The joint venture

* During 2014, the Company has funded the operating activities of Saudi Emirates Integrated Transport Co., Ltd. (“SEITCO”) in an amounting to SR 30 million. This amount is not subject to any interest and SR 20 million from the value of the loan has been paid up to 2022 and management expects to pay the remaining during 2025, 2026 and 2027. The loan has been recognized at the present value.

In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance operations for the implementation of government school transport contracts. The amount will be recovered upon receiving the accruals of SEITCO. The loan has been recognized at the present value. Management expects to pay the remaining amount during 2025, 2026 and 2027.

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

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27. RELATED PARTIES (CONTINUED)

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

Transactions with key management personnel:

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

(*) Compensations of the key management personnel:

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

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

28. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

29. ZAKAT AND INCOME TAX**a. Zakat**

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

Movement in Zakat Provision

The movement in the provision for zakat is as follows:

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

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

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29. ZAKAT AND INCOME TAX (CONTINUED)

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

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

The Company's Zakat base is calculated as follows:

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

b. Income tax**Charge for the year**

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

Movement of Provision for income tax

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

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

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

No Zakat assessment has yet been made by the ZTCA.

Charged to statement of profit or loss is as follows:

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

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29. ZAKAT AND INCOME TAX (CONTINUED)

c. Deferred tax assets

Deferred tax asset is recognized in respect of following

	31 December 2023 SR'000	31 December 2022 SR'000
Deductible temporary differences		
Employee benefits	11,387	8,450
Tax depreciation	<u>(2,807)</u>	<u>(6,558)</u>
	<u>8,580</u>	<u>1,892</u>
Foreign Shareholding – 20%		
Accumulated losses	1,716	1,906
Total deductible differences	<u>343</u>	<u>302</u>
	31 December 2023 SR'000	31 December 2022 SR'000
Deferred tax movement		
Balance at beginning of the year	302	418
Deferred tax credit / (expense)	<u>41</u>	<u>(116)</u>
	<u>343</u>	<u>302</u>

30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent liabilities

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

b. Capital commitments.

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

31. REVENUES

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

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31. REVENUES (CONTINUED)

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

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

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

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

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

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

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

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32. COST OF REVENUES

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

33. SELLING AND DISTRIBUTION EXPENSES

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

34. GENERAL AND ADMINISTRATIVE EXPENSES

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

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

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35. ASSETS HELD FOR SALE

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

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

36. OTHER INCOME

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

37. LOSS PER SHARE

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

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

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

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38. FINANCIAL INSTRUMENTS

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

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

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39. NON-CONTROLLING INTERESTS IN THE SUBSIDIARY

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

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

40. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Liquidity Risk

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

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40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**Liquidity Risk**

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

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

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

Market Risk

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

Interest rate risk

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

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

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

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40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)***Foreign currency risk***

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

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

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

Equity price risk

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

Credit Risk

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

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

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40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)***Credit Risk (Continued)***

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

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

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

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

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

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

Unbilled receivables

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

Due from related parties

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

Cash and cash equivalents

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

Guarantees

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

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40. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)*Capital management*

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

The Group manages its capital to ensure:

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

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

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

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

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

41. DIVIDEND

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

42. SUBSEQUENT EVENTS

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

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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