

**SAUDI PUBLIC TRANSPORT COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month and nine-month periods ended
30 September 2022
together with the
Independent Auditor's Limited Review Report

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
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Independent Auditor's Limited Review Report

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KPMG Professional Services

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying 30 September 2022 condensed consolidated interim financial statements of **Saudi Public Transport Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2022;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2022;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2022;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2022; and
- the notes to the condensed consolidated interim financial statements.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2022 condensed consolidated interim financial statements of Saudi Public Transport Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services



Fahad Mubark Aldossari
License No. 469



Riyadh on 12 Rabi' al Thani 1444H
Corresponding to 6 November 2022

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as 'KPMG Al Fozan & Partners Certified Public Accountants') A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة متقلة، مسجلة في المملكة العربية السعودية، رأس مائها (٢٥,٠٠٠,٠٠٠) ريال سعودي متزوج بالكامل. التسمية سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومرجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لشركة كي بي إم جي العالمية المسجلة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Financial Position (Unaudited)
As at 30 September 2022
(Expressed in thousands of Saudi Arabian Riyals)

	<i>Note</i>	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment buses and trucks, net	5	945,322	940,359
Investment properties		307,122	307,122
Intangible assets, net	6	639,359	651,787
Right of use assets, net		86,903	43,854
Amounts due from related party	17	46,278	45,253
Investments in associates and joint venture		43,100	66,993
Deferred tax assets		350	418
Other non-current assets		3,056	3,669
Total non-current assets		2,071,490	2,059,455
Current assets			
Inventories		28,351	16,443
Trade receivables, net		211,855	124,137
Unbilled receivables	7	1,861,782	2,062,976
Prepayments and other current assets		62,875	57,859
Due from related parties	17	57,180	46,639
Investment		924	--
Cash and cash equivalents		672,182	410,130
Assets held for sale	18	2,895,149	2,718,184
Total current assets		2,895,473	2,721,602
Total assets		4,966,963	4,781,057
Equity			
Share capital	8	1,250,000	1,250,000
Statutory reserve	8	--	--
Consensual reserve	8	--	--
Accumulated losses		(197,879)	(200,350)
Equity attributable to holders of the Parent Company		1,052,121	1,049,650
Non-controlling interests		(3,896)	(140)
Total equity		1,048,225	1,049,510
Liabilities			
Non-current liabilities			
Murabaha loans	9	1,136,691	1,317,872
Advance from customer	10	1,105,574	1,105,574
Employees' defined benefits liabilities		163,510	156,750
Lease liabilities		75,353	36,947
Total non-current liabilities		2,481,128	2,617,143
Current liabilities			
Murabaha loans	9	380,592	118,541
Short-term Murabaha loan	9	150,536	120,291
Trade and retention payables		222,781	127,016
Amounts due to related parties	17	22,467	11,576
Current portion of lease liabilities		11,285	7,629
Accrued expenses and other current liabilities		290,908	258,319
Contracts liabilities		9,839	9,949
Advance from customer	10	325,416	412,596
Zakat and income tax payable	13	23,786	48,487
Total current liabilities		1,437,610	1,114,404
Total liabilities		3,918,738	3,731,547
Total equity and liabilities		4,966,963	4,781,057

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Profit or Loss (Unaudited)
For the three-month and nine-month periods ended 30 September 2022
(Expressed in thousands of Saudi Arabian Riyals)

	Note	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	14	352,978	221,682	962,650	679,644
Cost of revenue	15	(272,301)	(233,903)	(812,785)	(714,696)
Gross Profit/(Loss) for the period		80,677	(12,221)	149,865	(35,052)
Selling and distribution expenses		(7,092)	(3,460)	(17,120)	(10,160)
General and administrative expenses		(37,964)	(22,893)	(87,945)	(57,639)
Reversal of impairment of assets held for sale	18	--	--	4,220	6,570
Impairment of trade receivables		(1,995)	(1,233)	(10,238)	(3,798)
Operating Profit/(Loss) for the period		33,626	(39,807)	38,782	(100,079)
Finance income		1,775	300	3,205	1,003
Finance costs		(21,463)	(10,345)	(53,293)	(31,868)
Net finance costs		(19,688)	(10,045)	(50,088)	(30,865)
Share in loss of joint venture		(13,541)	(8,728)	(23,893)	(27,558)
Share in profit of associates		377	--	518	304
Other income	16	3,027	2,871	39,214	8,556
Profit/(Loss) before Zakat and income tax		3,801	(55,709)	4,533	(149,642)
Zakat and income tax	13	(2,530)	(1,386)	(5,818)	(3,256)
Net Profit/(Loss) for the period		1,271	(57,095)	(1,285)	(152,898)
Profit/(Loss) for the period attributable to:					
Shareholders of the Parent Company		4,034	(55,963)	2,471	(149,676)
Non-controlling interests		(2,763)	(1,132)	(3,756)	(3,222)
		1,271	(57,095)	(1,285)	(152,898)
Profit/(Loss) per share:					
Basic and diluted, from the profit/(loss) for the period attributable to Shareholders of the Parent Company		0.03	(0.45)	0.02	(1.20)

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Condensed Consolidated Interim Statement of Other Comprehensive Income (Unaudited)

For the three-month and nine-month periods ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2022 SR'000 (Unaudited)	2021 SR'000 (Unaudited)	2022 SR'000 (Unaudited)	2021 SR'000 (Unaudited)
Profit/(Loss) for the period	1,271	(57,095)	(1,285)	(152,898)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss:</i>				
Re-measurement (loss)/gain on defined benefit obligation	--	--	--	--
<i>Total Items that will not be reclassified subsequently to condensed consolidated interim statement of profit or loss:</i>				
Total comprehensive Profit/(Loss) for the period	1,271	(57,095)	(1,285)	(152,898)
Total comprehensive profit/(Loss) for the period attributable to:				
Shareholders of the Parent Company	4,034	(55,963)	2,471	(149,676)
Non-controlling interests	(2,763)	(1,132)	(3,756)	(3,222)
	1,271	(57,095)	(1,285)	(152,898)

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)
For the nine-month period ended 30 September 2022
(Expressed in thousands of Saudi Arabian Riyals)

	Equity attributable to equity holders of the Parent Company							Total equity
	Share capital	Statutory reserve	Consensual reserve	Fair value of financial assets	Accumulated losses	Total	Non-controlling interests	
As of 31 December 2021 (Audited)	1,250,000	--	--	--	(200,350)	1,049,650	(140)	1,049,510
Loss for the period	--	--	--	--	2,471	2,471	(3,756)	(1,285)
Other comprehensive loss for the period	--	--	--	--	--	--	--	--
Total comprehensive loss	--	--	--	--	2,471	2,471	(3,756)	(1,285)
As at 30 September 2022 (Unaudited)	1,250,000	--	--	--	(197,879)	1,052,121	(3,896)	1,048,225
	Share capital	Statutory reserve	Consensual reserve	Fair value of financial assets	Accumulated losses	Total	Non-controlling interests	Total equity
At 31 December 2020 (Audited)	1,250,000	--	42,730	--	(22,067)	1,270,663	4,085	1,274,748
Transfer from consensual reserve to accumulated losses	--	--	(42,730)	--	42,730	--	--	--
Loss for the period	--	--	--	--	(149,676)	(149,676)	(3,222)	(152,898)
Other comprehensive loss for the period	--	--	--	--	--	--	--	--
Total comprehensive loss	--	--	--	--	(149,676)	(149,676)	(3,222)	(152,898)
As at 30 September 2021 (Unaudited)	1,250,000	--	--	--	(129,013)	1,120,987	863	1,121,850

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Statement of Cash Flows (Unaudited)
For the nine-month period ended 30 September 2022
(Expressed in thousands of Saudi Arabian Riyals)

	For the nine-month period ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)
OPERATING ACTIVITIES		
Profit/(Loss) for the period before Zakat and income tax	4,533	(149,642)
<i>Adjustments to reconcile income before Zakat and income tax to net cash flows:</i>		
Depreciation of property, plant and equipment	109,765	121,309
Depreciation of right-of-use assets	12,967	4,142
Amortization of intangible assets	4,764	4,174
Impairment of trade receivables	9,577	3,948
Reverse of Zakat provision	(24,296)	--
Provision for slow moving inventory	500	1,500
Share in loss of a joint venture	23,893	27,558
Reversal of impairment of assets held for sale	(4,220)	(6,570)
Share of profit from an associate	(518)	(304)
Finance costs	53,293	31,868
Finance income	(1,025)	(1,003)
Unrealized gain from investments in equity instruments through FVPL	(159)	--
Provision for employees' defined benefits liabilities	23,157	20,807
Gains from sale of assets held for sale	(3,822)	(2,988)
Cash flows after adjustment of non-cash items	208,409	54,799
Working capital adjustments:		
Inventories	(12,408)	(1,329)
Trade receivables and Unbilled receivables	134,833	(229,979)
Amounts due from a related party	(10,541)	2,254
Prepayments and other current assets	(5,068)	(37,033)
Other non-current assets	613	613
Trade payables	95,765	10,205
Amounts due to related parties	10,891	12,601
Advance from customers	(87,180)	(6,619)
Accrued expenses and other current liabilities	19,830	(4,809)
Contract liabilities	(110)	(7,755)
Cash flows used in operating activities	355,034	(207,052)
Finance income collected	--	1,003
Finance cost paid	(38,012)	(30,488)
Zakat and income tax paid	(6,155)	(4,757)
Employees' defined benefits liabilities paid	(16,397)	(11,824)
Net cash flows used in operating activities	294,470	(253,118)
INVESTING ACTIVITIES		
Investments in equity instruments through FVPL	(765)	--
Proceeds from sale of property, plant and equipment	11,136	17,135
Purchase of property, plant and equipment	(114,728)	(10,127)
Purchase of intangible assets	(23,218)	(68,765)
Net cash flows used in investing activities	(127,575)	(61,757)
Financing activities		
Proceeds from Murabaha financing	866,387	782,926
Repayment of Murabaha financing	(755,272)	(407,413)
Repayment of lease liabilities	(15,958)	(2,486)
Net cash flows from financing activities	95,157	373,027
Net increase/(decrease) in cash and cash equivalents	262,052	58,152
Cash and cash equivalents at 1 January	410,130	351,583
Cash and cash equivalents at 30 September	672,182	409,735
Significant non-cash transactions:		
Reduction in intangible assets and increase in trade and unbilled receivables as a result of amendment through Variation Order 3	30,882	--

Authorized Board Member

Chief Financial Officer

The accompanying notes from (1) to (20) form an integral part of these condensed consolidated interim financial statements

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine-month period ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

1. CORPORATE INFORMATION

Saudi Public Transport Company (the “Company”, “SAPTCO”, the “Parent Company” or (“the Group”)) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia and formed under the Royal Decree No. M/11 dated on 7 Rabi’ I 1399H (corresponding to 5 February 1979) whose shares are publicly traded on the Saudi Stock Exchange. The formation was declared pursuant to the resolution of his Excellency, The Minister of Commerce, No. 254 dated 14 Shaban 1399H (corresponding to 9 July 1979). The Company operates under Commercial Registration number 1010024335 issued on 5 Ramadan 1399H (corresponding to 29 July 1979). The Company’s registered 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 Company are passenger’s buses transport both intra and inter-city throughout and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, transportation for teachers, car rental and private transport, operating and maintenance of trains, metros, motor vehicles and trucks, organizing tours, transporting pilgrims and visitors inside and outside of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles.

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

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

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

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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine-month period ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

1. CORPORATE INFORMATION (CONTINUED)

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

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

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

Subsidiaries	Year of incorporation	Shareholding %		Principal activity	Country of incorporation
		30 September 2022	31 December 2021		
Public Transportation Company ("PTC")	2014	80%	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Kingdom of Saudi Arabia
Digital Mobility Solutions Company for Investments ("DMS")	2021	100%	100%	Systems Analysis and Mobility technologies	Kingdom of Saudi Arabia

Public Transportation Company ("PTC") (20% owned by RATP Development (a 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 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).

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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine-month period ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

1. CORPORATE INFORMATION (CONTINUED)

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

Investment in associates and a joint venture	Relationship	Shareholding		Principal activity	Country of incorporation
		30 September 2022	31 December 2021		
Saudi Bahraini Transport Company *	An associate	40%	40%	Transportation activities	Kingdom of Saudi Arabia
Capital Metro Company Limited	An associate	20%	20%	Road construction works and Maintenance	Kingdom of Saudi Arabia
Saudi Emirates Integrated Transport Company	A joint venture	50%	50%	Educational transportation services	Kingdom of Saudi Arabia

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

2. SIGNIFICANT EVENTS

The novel coronavirus (Covid-19) declared a pandemic by the World Health Organization at the beginning of 2020 Influencing group performance, and it is currently difficult to predict the full extent of the impact of this pandemic on the business and economy in which the Group operates.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the virus, the extent and effectiveness of containment actions taken. The Group has taken containment steps until 30 September 2022 that have limited the negative impact of the virus on the Group's financial results.

The Group does not expect any significant and negative future impact on the going concern principle and bank commitments and the Group will continue to re-evaluate its position and the associated impact on a regular basis, bearing in mind that the competent authorities have eased the precautionary measures for the Covid-19 pandemic as well as stopping the application of distancing in the Holy Mosque and the Prophet's Mosque.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of preparation**

The condensed consolidated interim financial statements for the nine-months period ended 30 September 2022 have been prepared in accordance with the International Accounting Standard (34) "Interim Financial Reporting" that endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants.

The condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021 ("last annual financial statements"). These condensed consolidated interim financial statements do not include all of information and disclosures required to prepare a full set of financial statements prepared under IFRS. However, selected explanatory notes are included to explain events and transaction that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine-month period ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

a) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for 'financial assets held at 'FVOCI' which are measured at fair value, employees' defined benefits liabilities which are recognized at the present value of future obligations using the Projected Unit Credit method (PUC). The Group's investments in its associates and joint venture are accounted for using the equity method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and the going concern concept.

b) Functional and presentation currency

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

c) Use of estimates and judgments

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

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

d) Fair Value Measurement

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

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

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

SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)

For the nine-month period ended 30 September 2022

(Expressed in thousands of Saudi Arabian Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

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

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

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

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

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

3.2 Summary of significant accounting policies

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards that are effective as of 1 January 2022, which were explained in the annual financial statements of the group and which have no material impact on the condensed consolidated interim financial statements of the group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. OPERATING SEGMENTS

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

- Passenger Transport - It includes scheduled transport services, representing passenger transport services inside and outside the Kingdom of Saudi Arabia, including government support revenue as well as international transport services. It also includes the cargo operations. This is considered one of largest segments of the Group.
- Specialized Services - It includes transport services under lease agreements entered into by the Company with third parties, whether government or non-government parties, inside or outside the Kingdom of Saudi Arabia. It also includes 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.

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4. OPERATING SEGMENTS (CONTINUED)

- Digital mobility solutions to innovate technical solutions within a digital mobility portfolio to be independent companies in the future in order to raise the market value of the digital mobility project portfolio.

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

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

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

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

The Group has no significant customer that contributes 10% or more to the Group's revenues for the period ended 30 September 2022 and 2021, respectively, except for certain government agencies which in aggregate account for 10% of the Group's revenue.

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

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4. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	Passenger transport	Specialized services	Head office	Digital mobility solutions	Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Consolidated
For the period ended 30 September 2022 (Unaudited)								
Total revenue <i>(Note 14)</i>	473,619	240,461	--	14,966	234,696	963,742	(1,092)	962,650
Cost of revenue	(307,635)	(266,196)	--	(51,479)	(201,992)	(827,302)	14,517	(812,785)
Gross profit/(loss)	165,984	(25,735)	--	(36,513)	32,704	136,440	13,425	149,865
Profit/(Loss) before Zakat and income tax	145,279	(52,949)	(84,611)	(55,130)	(17,331)	(64,742)	69,275	4,533
For the period ended 30 September 2021 (Unaudited)								
Total revenue <i>(Note 14)</i>	317,626	101,594	--	--	260,424	679,644	--	679,644
Cost of revenue	(310,432)	(172,393)	--	--	(246,593)	(729,418)	14,722	(714,696)
Gross profit/(loss)	7,194	(70,799)	--	--	13,831	(49,774)	14,722	(35,052)
(Loss) before Zakat and income tax	(2,173)	(85,517)	(59,111)	--	(15,202)	(162,003)	12,361	(149,642)

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4. OPERATING SEGMENTS (CONTINUED)

Information on reportable segments (continued)

	<u>Passenger transport</u>	<u>Specialized services</u>	<u>Head office</u>	<u>Digital mobility solutions</u>	<u>Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh</u>	<u>Total segments</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
As at 30 September 2022 (Unaudited)								
Total assets	398,138	753,505	1,032,305	102,440	2,788,881	5,075,269	(108,306)	4,966,963
Total liabilities	272,494	598,756	260,578	169,056	2,838,038	4,138,922	(220,184)	3,918,738
Other disclosures:								
Property, plant and equipment	246,888	597,737	90,264	1,493	8,940	945,322	--	945,322
Investments in associates and joint venture	--	--	43,100	--	--	43,100	--	43,100
	<u>Passenger transport</u>	<u>Specialized services</u>	<u>Head office</u>	<u>Digital mobility solutions</u>	<u>Concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh</u>	<u>Total segments</u>	<u>Adjustments and eliminations</u>	<u>Consolidated</u>
As at 31 December 2021 (Audited)								
Total assets	416,164	726,044	737,028	19,550	2,905,671	4,804,457	(23,400)	4,781,057
Total liabilities	169,632	336,151	323,805	31,036	2,936,926	3,797,550	(66,003)	3,731,547
Other disclosures:								
Property, plant and equipment, and right-of-use assets	247,658	593,636	90,264	1,438	7,363	940,359	--	940,359
Investments in associates and joint venture	--	--	66,993	--	--	66,993	--	66,993

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5. PROPERTY, PLANT AND EQUIPMENT BUSES AND TRUCKS, NET

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Property, plant, and equipment	920,288	923,731
Projects under construction	25,034	16,628
	945,322	940,359

During the period ended 30 September 2022, the Group added property, plant, and equipment at a cost of SR 114,727 million (30 September 2021: SR 10.1 million).

Re-estimated of useful life

As on December 31, 2021, the Group's management re-estimated the useful life of some items of property, plant and equipment, buses and trucks (buses and trucks) from 12 years to 10 years. This resulted in an increase in the depreciation charged to the initial condensed consolidated statement of profit or loss for the period ending on September 30, 2022, as follows:

	Before re- estimated	After re-estimated	Impact on
	Thousand Saudi Riyals	Thousand Saudi Riyals	profit or loss
Change in the buses depreciation value	79,291	91,083	(11,792)

The change for the coming years in depreciation expense is as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Increase in depreciation expenses	15,710	15,710	15,710	11,471	3,504

6. INTANGIBLE ASSETS (net)

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Software and licenses	54,593	36,139
Other intangible assets (a)	584,766	615,648
	639,359	651,787

a) Other intangible assets

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

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6. 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 received the signed Variation Order (3) by the Grantor and the Company, with an effective date of 17 March 2022.

Accordingly, necessary adjustments have been reflected in this condensed interim financial statement, mainly:

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

7. UNBILLED RECEIVABLES

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Current portion recognized under current assets	<u>1,861,782</u>	<u>2,062,976</u>
	<u>1,861,782</u>	<u>2,062,976</u>

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

During the period ended 30 September 2022, the Company received an amount of SR 436 million (31 December 2021: SR 130 million) according to the payment schedule.

8. SHARE CAPITAL AND RESERVES

Share capital

As at 30 September 2022, the fully paid-up share capital of the Group is SR 1,250 million (31 December 2021: SR 1,250 million) divided into 125 million shares (31 December 2021: 125 million shares) at SR 10 each.

Statutory reserve

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

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8. SHARE CAPITAL AND RESERVES (CONTINUED)Consensual reserve

In accordance with the Company's by-law, the Ordinary General Assembly may, based on a proposal of the Board of Directors, set aside a percentage 5% of the Group's net income to form a consensual reserve and allocate it for a specific purpose(s). On 14 Ramadan 1442H (corresponding to 26 April 2021), the Company's Ordinary General Assembly agreed to utilize part of the accumulated losses of the Group by transferring the consensual reserve amount of SR 42,7 million to the accumulated losses.

9. MURABAHA LOANS

The Group has entered into Murabaha arrangements with banks to obtain Murabaha facilities. These loans have been availed during 2017 to 2022 and have a maturity of three to five years from the date of the Murabaha financing agreement and are secured by promissory notes bearing prevailing commission rates ranging between 1%-2% plus SIBOR. The Group has obtained these loans in order to finance the procurement of buses.

During 2020, the Subsidiary company entered into an agreement with a local bank for the restructuring of a long-term Murabaha facility amounting to SAR 499 million, with a condition that the long-term Murabaha facility and the increase in bank facilities of SAR 800 million with a maturity of seven years due in quarterly payments, and is secured by promissory notes bearing prevailing commission rates 1%-2% plus SIBOR.

During 2021, the Subsidiary Company has signed an extension agreement with a local bank related to long-term Murabaha facilities mentioned above from (SAR 800 million plus SAR 150 million) and has withdrawn an additional amount of SAR 200 million during the period.

Short-term Murabaha Loans

During the period, the Company has obtained short-term bank facilities from local banks amounted to SAR 150,5 million in the form of Murabaha to finance operating activities.

As at 30 September 2022, the balance for Murabaha Loans withdrawn therefrom amounted to SAR 1,668 million (31 December 2021: SR 1,557 million).

Murabaha and long-term Loans are as follows:

	<u>Currency of the loan</u>	<u>Maturity date</u>	<u>Credit limit</u>	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Local Bank 1	SR	2028	1,282,000	1,259,500	1,262,000
Local Bank 2	SR	2023	61,500	4,467	14,320
Local Bank 2	SR	2023	136,598	19,802	41,511
Local Bank 3	SR	2024	83,000	30,409	42,825
Local Bank 2	SR	2025	101,000	60,491	75,221
Local Bank 2	SR	2027	150,000	142,614	--
Total value				1,517,283	1,435,877
Less: Current portion of long-term Murabaha				(380,592)	(118,817)
Net movement in deferred interest costs				--	812
Non-current portion of long-term Murabaha				1,136,691	1,317,872

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9. MURABAHA LOANS (CONTINUED)

The current and short-term Murabaha Loans are as follows:

	Currency of the loan	Credit limit	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Local Bank 1 - Current balance of long-term Murabaha	SR	1,282,000	292,500	40,000
Bank 2 - Current balance of long-term Murabaha	SR	61,500	4,467	13,239
Bank 2 - Current balance of long-term Murabaha	SR	136,598	19,802	29,123
Bank 3 - Current balance of long-term Murabaha	SR	83,000	16,532	16,600
Bank 2 - Current balance of long-term Murabaha	SR	101,000	20,148	19,855
Bank 2 - Current balance of long-term Murabaha	SR	150,000	27,143	--
Short-term Murabaha financing from local banks	SR	250,000	150,536	120,291
Total value			531,128	239,108
Net movement in deferred interest costs			--	(276)
Total short-term Murabaha financing and current portion of long-term Murabaha			531,128	238,832

Movement of the Murabaha Financing is as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Opening balance	1,556,704	1,210,572
Proceeds during the period / year	866,387	1,142,926
Payment during the period/year	(755,272)	(796,794)
	1,667,819	1,556,704

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

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Current portion under current liabilities	531,128	238,832
Non-current portion under non-current liabilities	1,136,691	1,317,872
	1,667,819	1,556,704

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10. ADVANCE FROM CUSTOMER

The Company received an amount of SR 1,431 million as an advance payment for executing King Abdulaziz Project for Public Transport in Riyadh. The Company received SR 471 million in 2015, SR 548 million in 2019 and SR 549 million in 2020. The balance at the end of the period was classified under current and non-current items with balances of SR 325 million and SR 1,106 million, respectively (31 December 2021: SR 413 million and SR 1,106 million, respectively). The value of the advance payment is amortized according to the completed works by the Public Transportation Company, with a percentage of the total cumulative work submitted.

11. FINANCIAL INSTRUMENTS

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

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11. FINANCIAL INSTRUMENTS (CONTINUED)

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Financial assets at amortized cost	Other Financial liabilities	Total	Financial assets at amortized cost	Other financial liabilities	Total
Financial assets not measured at fair value						
Trade receivables, net	211,855	--	211,855	124,137	--	124,137
Due from related parties	103,458	--	103,458	91,892	--	91,892
Cash and cash equivalents	672,182	--	672,182	410,130	--	410,130
Unbilled receivables	1,861,782	--	1,861,782	2,062,976	--	2,062,976
	<u>2,849,277</u>	<u>--</u>	<u>2,849,277</u>	<u>2,689,135</u>	<u>--</u>	<u>2,689,135</u>
Financial liabilities not measured at fair value						
Murabaha Loans	--	1,667,819	1,667,819	--	1,556,704	1,556,704
Amounts due to related parties	--	22,467	22,467	--	11,576	11,576
Trade and retention payables	--	222,781	222,781	--	127,016	127,016
Accrued expenses and other current liabilities	--	290,908	290,908	--	258,319	258,319
	<u>--</u>	<u>2,203,975</u>	<u>2,203,975</u>	<u>--</u>	<u>1,953,615</u>	<u>1,953,615</u>

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12. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at September 30, 2022, the banks that the Group deals with on its behalf, during the normal business cycle, issued guarantees, acceptances and letters of credit with a maximum amount of 2,151 million Saudi riyals (December 31, 2021: 2,130 million Saudi riyals).

13. ZAKAT AND INCOME TAX**a) Zakat**

Zakat is calculated based on the zakat base of the company and its subsidiaries separately. The company submitted zakat returns until 2021 and obtained the necessary zakat certificates until 2023. The Zakat, Tax and Customs Authority (“the Authority”) issued its zakat assessments for the company until the year 2018, and the group paid the zakat due on it under the revised assessments, and the company terminated its zakat status for all years until 2020.

The company received from the Authority during November 2021 an initial assessment for the years 2019 and 2020 with zakat differences amounting to 27 million Saudi Riyals, and the company submitted an objection to the aforementioned Authority’s assessment. In April 2022, the company received the final assessment from the authority for the years 2019 and 2020 with zakat differences of 2.77 million Saudi riyals, and this amount was paid to the authority on April 28, 2022. This resulted in a reversal of the provision surplus amounting to 24.30 million Saudi riyals.

b) Income tax

The subsidiary has submitted the zakat and tax return to the Zakat, Tax and Customs Authority (“the Authority”) until 2021. No zakat or tax assessment has yet been made by the authority.

14. REVENUE

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Revenue from concession arrangements for the King Abdul-Aziz Project for Public Transport in Riyadh	60,379	66,048	234,696	260,424
Revenue from passenger transport	148,942	110,193	419,615	296,504
Revenue from specialized services	127,197	40,408	254,335	101,594
Revenue from government support (*)	16,460	5,033	54,004	21,122
	<u>352,978</u>	<u>221,682</u>	<u>962,650</u>	<u>679,644</u>

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

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14. REVENUE (CONTINUED)

The total of the annual support amount SAR 36,5 million which was disbursed in equal monthly installments. Due to the ends of the agreement, during 2021, the Group agreed with the Royal Commission for Riyadh to continue to implementing, where King Abdulaziz Project for Public Transport has not started yet. The total of the period support amount for the nine months periods ended 30 September 2022 was SAR 27.2 million.

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 approval of the Public Transport Authority. The total of the annual support amount was SR 20 million which was disbursed in equal monthly installments. The total of the period support amount for the nine months periods ended 30 September 2022 was SR 15.1 million.

The group entered into a contract with the Madinah Region Development Authority on January 24, 2022 AD to provide frequency transmission services in Madinah for a period of five years, amounting to 57.5 million riyals, including value added tax, and the implementation of the contract began in March 2022. During the holy month of Ramadan, the contract amount increased by 10% to reach a contract value of SAR 63.2 million. Additional services were provided for an amount of SAR 6 million that were related to this increase. As a result, the total value of the support amount for the nine months periods ended 30 September 2022 was SR 11.8 million.

15. COST OF REVENUE

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Mobilization phase expenses for King Abdulaziz Project for public transportation in Riyadh	49,754	57,551	186,158	231,871
Salaries and other related expenses	97,334	79,706	283,350	212,668
Depreciation charge	41,570	40,392	119,713	121,383
Bus repairs and maintenance	34,050	23,191	89,692	61,411
Visa and iqama fees	7,060	10,777	24,368	27,835
Contractual services	24,431	9,592	60,308	24,283
Maintenance and general fees	5,604	4,614	14,663	11,854
Rent	4,477	3,616	11,871	7,250
Impairment of slow-moving inventories	—	500	500	1,500
Amortization	1,107	730	3,019	2,192
Property insurance expense	734	86	5,902	4,495
Advisory	—	2,196	—	4,041
Others	6,180	952	13,241	3,913
	272,301	233,903	812,785	714,696

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16. OTHER REVENUES

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gains on sale of assets held for sale	--	601	3,822	3,590
Drivers renting	--	102	-	800
Reversal of zakat provision	--	--	24,296	--
Gains on sale of scrap	217	126	552	526
Penalties on suppliers	354	119	699	301
Rental income	1,524	1,035	2,708	1,035
Advertising revenue on intra-city transport busses	--	--	1,050	--
Others	932	888	6,087	2,304
	<u>3,027</u>	<u>2,871</u>	<u>39,214</u>	<u>8,556</u>

17. RELATED PARTIES

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

Related party	Nature of relationship	Nature of transactions	Transaction for the nine-months period ended	
			30 September 2022	30 September 2021
			(Unaudited)	(Unaudited)
Saudi Emirates Integrated Transport Company (SEETCO)	A joint venture	Finance income	1,025	--
		Share in loss of the joint venture	(23,893)	(27,558)
		Sold of buses	11,136	--
		Services rendered	1,677	920
		Loan	--	--
Capital Metro Company Ltd (CAMCO)	An associate	Share in profits of the joint venture	518	304
RATP Development (French company)	Non-controlling interests of the subsidiary	Services rendered	4,863	5,196
RATP Dev Saudi Arabia (LLC)	Non-controlling interests of the subsidiary	Services rendered	34,498	34,806

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17. RELATED PARTIES (CONTINUED)

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

		30	31 December
		September	2021
		2022	(Audited)
	Recognized under	(Unaudited)	(Audited)
<u>Related party</u>			
Saudi Emirates Integrated Transport Company	Due from related parties	103,458	89,990
Capital Metro Company Ltd (CAMCO)	Due from related parties	-	1,902
RATP Development (French company)	Due to related parties	9,217	6,908
RATP Dev Saudi Arabia (LLC)	Due to related parties	13,250	4,668

The joint venture

During 2014, the Company has funded the operating activities of Saudi Emirates Integrated Transport Co., Ltd. ("SEITCO") in an amount of SR 30 million. This amount is not subject to any interest and an amount of SR 20 million from the value of the loan has paid up to 30 September 2022 and management expects to pay the remaining amount during 2024 and 2025. The loan has been recognized at the present value.

In addition, during 2016, the Company has provided two additional finances totaling to SR 40 million to finance operations for the implementation of government school transport contracts. The amount will be recovered upon receiving the accruals of SEITCO. The loan has been recognized at the present value. Management expects to pay the remaining amount during 2024 and 2025.

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

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

During 2022, SAPTCO provided two loans to SEITCO amounting to (9,723) Million Saudi Riyal for financing its operation and purchasing busses, and the agreement stated that the payment will be collected within 12 months.

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17. RELATED PARTIES (CONTINUED)

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

Transactions with key management personnel:

	<u>30 September 2022</u>	<u>30 September 2021</u>
Board expenses and allowances	1,378	1,559
Compensations of the key management personnel *	10,978	9,903

*Compensations of the key management personnel:

	<u>30 September 2022</u>	<u>30 September 2021</u>
Short-term employees' benefits	10,500	9,385
Long-term benefits	478	518
	<u>10,978</u>	<u>9,903</u>

Key management personnel compensation includes salaries and defined employees' benefits.

18. ASSETS HELD FOR SALE

During the period ended 31 December 2021, the Group's management decided to sell some of its assets (buses) that are used in passenger transportation operations. Accordingly, such assets have been reclassified as assets held for sale. The measurement process resulted in losses of SR 4.2 Million, which represents the difference between the estimated recoverable value of SR 3.4 million and the net book value of SR 7.6 million for these fixed assets. Accordingly, these differences have been recognized as an impermanent loss in the value of assets in the consolidated statement of profit or loss for the year ended 31 December 2021.

In 28 April 2022, the Company sold a portion of these assets to SEITCO for an amount of 11.1 Million Saudi Ryal which resulted in a capital gain of 3.8 million Saudi Ryal.

19. SUBSEQUENT EVENTS

No event has occurred up to and including the date of the approval of the condensed consolidated interim financial statements by the Board of Directors of the Group which could materially affect these financial statements and the related disclosures for the periods ended 30 September 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 12 Rabi II 1444H (Corresponding to 6 November 2022).