

**SAUDI PUBLIC TRANSPORT COMPANY AND  
ITS SUBSIDIARIES**  
(A Saudi Joint Stock Company)  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
**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 2024**

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## KPMG Professional Services Company

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية مساهمة مهنية

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 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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), 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.



# Independent Auditor's Report (Continued)

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

<b>Key Audit Matter (continued)</b>	
<b>Revenue recognition</b>	
Revenue recognition – refer to 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.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>During the year ended 31 December 2024, the Group recognised total revenue of SR 1,459 million.</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>Amongst the other, we performed the following procedures:</p> <ul style="list-style-type: none"><li>• Assessed the design, implementation and tested operating effectiveness of management's key internal controls (including relevant IT general and application controls) which govern the revenue recognition process;</li><li>• Evaluated the Group's revenue recognition policy and assessed the compliance with the applicable accounting standards;</li><li>• Tested a sample of revenue transactions made during the year and inspecting underlying supporting documentation;</li><li>• Tested a sample of credit notes post the year-end, where applicable, to assess that the revenue is recorded in the correct period; and</li><li>• Evaluated the adequacy of the related disclosures made by the management in the accompanying Group's consolidated financial statements.</li></ul>

# Independent Auditor's Report (Continued)

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

Key Audit Matter (continued)	
Assessing potential impairment of Cash generating units (CGUs)	
<p>Assessing potential impairment of CGUs – See note (5.21) to the consolidated financial statements for the accounting policy relating to Impairment of non-financial assets 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 2024, 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 740 million, to their recoverable amount.</p> <p>The recoverable amount of the identified CGU was determined based on Value-In-Use (“VIU”) calculations using discounted cash flows forecasts.</p> <p>Estimating the value in use includes projections of future discounted cash flows of the cash-generating units, estimations 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>Amongst the other, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• 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);</li> <li>• Assessed management’s identification of the CGUs and the allocation of assets to the CGUs for the purposes of the impairment assessment;</li> <li>• 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;</li> <li>• We used our own valuation specialist to assess the weighted average cost of capital (“WACC”) calculation methodology adopted by management in evaluating potential impairment of cash generating unit;</li> <li>• Performed sensitivity analyses on the key assumptions, including 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</li> <li>• Considered the adequacy of the related disclosures made by the management in the Group’s consolidated financial statements.</li> </ul>



# 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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, 18 Ramadan 1446H  
Corresponding to: 18 March 2025

**SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES**  
(A Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**  
(Saudi Arabian Riyals in '000)

	<u>Note</u>	<b>31 December 2024</b>	31 December 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment, buses and trucks, net	7	1,073,657	1,149,457
Investment Properties	8	307,122	307,122
Intangible assets, net	9	622,914	624,657
Right-of-use assets, net	10	39,104	39,971
Due from related parties-non current portion	27	37,224	39,023
Equity Accounted investees	11	4,581	30,274
Deferred tax assets	29(c)	635	343
Other non-current assets	12	40,622	2,034
<b>Total non-current assets</b>		<b>2,125,859</b>	<b>2,192,881</b>
<b>Current assets</b>			
Inventories, net	13	29,772	27,819
Due from related parties – current portion	27	28,469	41,394
Trade receivables and unbilled receivables, net	14	1,010,844	1,210,117
Prepayments and other current assets	15	95,434	76,581
Other investments and derivative financial assets	16	1,336	13,877
Assets held for sale	36	14,177	39,300
Cash and cash equivalents	17	549,743	434,248
<b>Total current assets</b>		<b>1,729,775</b>	<b>1,843,336</b>
<b>Total assets</b>		<b>3,855,634</b>	<b>4,036,217</b>
<b>EQUITY</b>			
Share capital	18	1,250,000	1,250,000
Statutory reserve	19	-	-
General reserve	20	-	-
Accumulated losses		(328,119)	(335,915)
<b>Equity attributable to shareholders of the Parent Company</b>		<b>921,881</b>	<b>914,085</b>
Non-controlling interests	40	29,442	7,605
<b>Total equity</b>		<b>951,323</b>	<b>921,690</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Murabaha financing-non current portion	21	646,879	854,754
Contract liabilities -non current portion	22	733,196	897,857
Employees' benefits liabilities	23	124,203	145,143
Lease liabilities- non current portion	24	27,076	30,348
<b>Total Non-current liabilities</b>		<b>1,531,354</b>	<b>1,928,102</b>
<b>Current Liabilities</b>			
Murabaha financing- current portion	21	248,250	289,677
Short-term Murabaha financing	21	355,762	151,846
Trade payables	26	70,557	61,722
Due to related parties	27	18,920	14,233
Lease liabilities- current portion	24	13,181	11,391
Accrued expenses and other current liabilities	28	400,639	404,221
Derivative financial liability	16(c)	5,829	-
Contract liabilities– current portion	22	235,672	234,832
Zakat and income tax payable	29	24,147	18,503
<b>Total current liabilities</b>		<b>1,372,957</b>	<b>1,186,425</b>
<b>Total liabilities</b>		<b>2,904,311</b>	<b>3,114,527</b>
<b>Total equity and liabilities</b>		<b>3,855,634</b>	<b>4,036,217</b>

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 44 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 2024

(Saudi Arabian Riyals in '000)

	<i>Note</i>	<b>31 December 2024</b>	31 December 2023
Revenues	31	1,459,637	1,569,656
Cost of revenues	32	<u>(1,156,072)</u>	<u>(1,294,483)</u>
<b>Gross profit</b>		<b>303,565</b>	275,173
Selling and distribution expenses	33	(15,987)	(36,353)
General and administrative expenses	34	(141,961)	(141,387)
Reversal/(impairment) on assets held for sale	36	2,959	(17,309)
Write off of intangible assets	9	(6,422)	(6,577)
Impairment loss on trade receivables and other current assets	14&15	(13,328)	(13,738)
Other income	37	<u>17,877</u>	<u>36,747</u>
<b>Operating Profit for the year</b>		<b>146,703</b>	96,556
Finance income	35	17,407	12,124
Finance cost	35	<u>(115,198)</u>	<u>(92,038)</u>
<b>Net finance costs</b>		<b>(97,791)</b>	(79,914)
Share in loss of a joint venture	11	(30,148)	(26,694)
Share in profit/(loss) in an associates	11	<u>10,226</u>	<u>(1,669)</u>
<b>Profit/(loss) before zakat and income tax</b>		<b>28,990</b>	(11,721)
Zakat and income tax	29	<u>(13,874)</u>	<u>(12,456)</u>
<b>Net profit/(loss) for the year</b>		<b>15,116</b>	(24,177)
<b>Profit/(Loss) for the year attributable to:</b>			
Shareholders of the Parent Company		(9,628)	(35,584)
Non-controlling interests	40	<u>24,744</u>	<u>11,407</u>
<b>Net profit/(loss) for the year</b>		<b>15,116</b>	(24,177)
<b>Loss per share (in Saudi Riyal):</b>			
Basic and diluted, from the loss for the year attributable to shareholders of the parent company	38	<u>(0.08)</u>	<u>(0.28)</u>

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 44 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 2024

(Saudi Arabian Riyals in '000)

	<b>31 December <u>2024</u></b>	31 December <u>2023</u>
<b>Net profit/(loss) for the year</b>	<b>15,116</b>	<b>(24,177)</b>
<b>Other comprehensive profit / (Loss):</b>		
<b>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</b>		
Re-measurement profit of defined benefit obligation	23 17,216	4,698
<b>Total items that will not be reclassified subsequently to the consolidated statement of profit or loss:</b>	<u>17,216</u>	<u>4,698</u>
<b>Total comprehensive profit /(loss) for the year</b>	<u>32,332</u>	<u>(19,479)</u>
<b>Total comprehensive profit /(loss) for the year relating to:</b>		
Shareholders of the Parent Company	7,796	(31,000)
Non-controlling interests	<u>24,536</u>	<u>11,521</u>
<b>Total comprehensive profit /(loss) for the year</b>	<u>32,332</u>	<u>(19,479)</u>



Authorized board member



Chief Financial Officer

The accompanying notes 1 through 44 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 2024

(Saudi Arabian Riyals in '000)

	<b>Equity attributable to parent company (Saudi Shareholders)</b>				<b>Total</b>	<b>Non-controlling interests (Non- Saudi Shareholders)</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Statutory reserve</b>	<b>General reserve</b>	<b>Accumulated losses</b>			
<b>As at 1 January 2024</b>	<b>1,250,000</b>	-	-	<b>(335,915)</b>	<b>914,085</b>	<b>7,605</b>	<b>921,690</b>
(Loss)/Profit before Zakat and income tax	-	-	-	(2,228)	(2,228)	31,218	28,990
Income tax expenses	-	-	-	-	-	(6,766)	(6,766)
Zakat	-	-	-	(7,400)	(7,400)	-	(7,400)
Deferred tax credit	-	-	-	-	-	292	292
(Loss)/profit for the year				<b>(9,628)</b>	<b>(9,628)</b>	<b>24,744</b>	<b>15,116</b>
Other comprehensive profit/ (loss) for the year	-	-	-	17,424	17,424	(208)	17,216
<b>Total comprehensive Profit for the year</b>	-	-	-	<b>7,796</b>	<b>7,796</b>	<b>24,536</b>	<b>32,332</b>
Dividends paid to NCI ( Note - 42)	-	-	-	-	-	(2,699)	(2,699)
<b>As at 31 December 2024</b>	<b>1,250,000</b>	-	-	<b>(328,119)</b>	<b>921,881</b>	<b>29,442</b>	<b>951,323</b>
<b>As at 1 January 2023</b>	<b>1,250,000</b>	-	-	<b>(304,915)</b>	<b>945,085</b>	<b>(5,416)</b>	<b>939,669</b>
Loss before Zakat and income tax	-	-	-	(26,141)	(26,141)	14,420	(11,721)
Income tax expenses	-	-	-	-	-	(3,053)	(3,053)
Zakat	-	-	-	(9,443)	(9,443)	-	(9,443)
Deferred tax credit	-	-	-	-	-	40	40
(Loss)/profit for the year	-	-	-	<b>(35,584)</b>	<b>(35,584)</b>	<b>11,407</b>	<b>(24,177)</b>
Other comprehensive profit for the year	-	-	-	4,584	4,584	114	4,698
<b>Total comprehensive (Loss) / profit for the year</b>	-	-	-	<b>(31,000)</b>	<b>(31,000)</b>	<b>11,521</b>	<b>(19,479)</b>
<b>Establishment of a subsidiary with NCI</b>	-	-	-	-	-	<b>1,500</b>	<b>1,500</b>
<b>As at 31 December 2023</b>	<b>1,250,000</b>	-	-	<b>(335,915)</b>	<b>914,085</b>	<b>7,605</b>	<b>921,690</b>

Authorized board member

Chief Financial Officer

The accompanying notes 1 through 44 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 2024

(Saudi Arabian Riyals in '000)

	<i>Note</i>	31 December <u>2024</u>	31 December <u>2023</u>
<b>Operating activities</b>			
Profit/(loss) before Zakat and income tax		28,990	(11,721)
<i>Adjustments to reconcile loss before Zakat and income tax to net cash flows:</i>			
Depreciation of property and equipment, buses and trucks	7	176,535	170,522
Amortization right-of-use of assets	10	12,768	15,330
Amortization of intangible assets	9	11,102	10,790
Write off intangible assets	9	6,422	6,577
Impairment loss on trade receivables and other current assets	14 & 15	13,328	13,738
Reverse of Zakat provision	29	-	(12,804)
Reversal of Inventories	13	(12,194)	(253)
Share in loss of a joint venture	11	30,148	26,694
(Reversal)/Impairment of assets held for sale	36	(2,959)	17,309
Share in (profit)/loss of associates	11	(10,226)	1,669
Finance cost	35	95,951	82,331
Finance income	35	(5,214)	(8,000)
Provision for employees benefits liabilities	23	20,469	24,737
(Gain)/Loss from sale of property and equipment		(3,897)	141
Gain on termination of lease		(530)	300
Interest on lease liabilities	35	2,079	2,165
Change in Investments in equity instruments through FVTPL		6,914	(1,014)
<b>Cash flow after adjustments for non-cash items</b>		<u>369,686</u>	<u>338,511</u>
<b>Changes in:</b>			
Inventories, net	13	10,241	(2,152)
Trade receivables and unbilled receivables	14	187,288	297,367
Amounts due from related parties	27	11,523	1,103
Prepayments and other current assets	15	(20,353)	(26,732)
Trade payables	26	8,835	(119,423)
Amounts due to related parties	27	4,687	(7,790)
Contract liabilities	22	(163,821)	(171,827)
Accrued expenses and other current liabilities	28	3,417	89,486
<b>Cash flows generated from operating activities</b>		<u>411,503</u>	<u>398,543</u>
Zakat and income tax paid	29(a & b)	(8,522)	(4,956)
Proceeds from Finance income		7,531	-
Employees' defined benefits liabilities paid	23	(24,891)	(50,578)
<b>Net cash flows generated from operating activities</b>		<u>385,621</u>	<u>343,009</u>
<b>Investing activities</b>			
Investments in equity instruments through FVTPL	16	-	(588)
Disposals investments in equity instruments through FVTPL	16	11,456	-
Proceeds from sale of property and equipment and assets held for sale	36	37,337	-
Other non-current assets	12	(38,588)	818
Proceeds of property and equipment, buses and trucks		4,110	655
Purchase of property and equipment, buses and trucks	7	(111,194)	(458,081)
Purchase of intangible assets	9	(15,781)	(10,641)
<b>Net cash used in investing activities</b>		<u>(112,660)</u>	<u>(467,837)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from Murabaha financing	21	1,471,412	813,469
Payment of Murabaha financing	21	(1,517,241)	(1,148,706)
Proceeds from issuance of shares to NCI by a subsidiary		-	1,500
Payment of Dividends of shares to NCI by a subsidiary		(2,699)	-
Payment of lease liabilities		(12,648)	(17,668)
Repayment of finance costs		(94,211)	(81,378)
Repayment of interest lease liabilities		(2,079)	-
<b>Net cash used in financing activities</b>		<u>(157,466)</u>	<u>(432,783)</u>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<u>115,495</u>	<u>(557,611)</u>
Cash and cash equivalents at 1 January	17	434,248	991,859
<b>Cash and cash equivalents at 31 December</b>	17	<u>549,743</u>	<u>434,248</u>
<b>Significant non-cash transaction</b>			
Right-of-use assets		16,087	1,547
Lease liability on right-of-use assets		16,123	1,547
Transferred from property and equipment to assets held for sale		9,245	39,300
Discounting impact of due from related party loan		3,201	9,900
Derivative financial asset interest rate SWAP		1,336	4,752
Derivative financial Liabilities Callable Range		5,453	-

**Authorized board member**

**Chief Financial Officer**

The accompanying notes 1 through 44 form an integral part of these consolidated financial statements.

# SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

(A Saudi Joint Stock Company)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Saudi Arabian Riyals in '000)

### 1. REPORTING ENTITY

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

The principal activities of the Group are passenger’s buses transport both intra and inter-city throughout and outside the Kingdom of Saudi Arabia, as well as transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and private transport, operating and maintaining of trains, metros, motor vehicles and trucks, organizing tours, transporting pilgrims and visitors inside and outside of the Kingdom of Saudi Arabia and importing spare parts and chemical detergents of vehicles. The 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 February 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 2024	31 December 2023		
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%	85%	Intercity Transportation Services	Kingdom of Saudi Arabia
Al-Riyadah World Training Company	2024	100%	-	Driver training	Kingdom of Saudi Arabia

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.

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### 1. REPORTING ENTITY (CONTINUED)

\* 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.

\*\*\*Rahlati Lalhaloul Raqmiyah is 100% owned by Digital Mobility Solutions Company for Investments, a limited liability company registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010888366, dated 24 Dhu al-Qadah 1444 (corresponding to 13 June 2023). The Company's paid-up capital amounts to SR 10,000 SAR. The Company specializes in providing religious transportation and facilitation 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.

Al-Riyadah World Training Company is a single limited liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1009023001 with a share capital of SAR 100,000. The Company is primary engaged in the activities of driver training.

The Company has the following equity account investees:

Equity account investees	Relationship	Shareholding		Principal activity	Country of incorporation
		31 December 2024	31 December 2023		
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 Limited 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.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

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

### b) Preparation of the Consolidated Financial Statements

These Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Consolidated Statement of Financial Position:

- Derivative financial instrument- interest rate SWAP and Callable SWAP is measured at fair value
- The employee retirement benefit is recognised at the present value of future obligations using the Projected Unit Credit Method.

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#### 2. BASIS OF PREPARATION (CONTINUED)

##### c) New Standards, Amendment to Standards and Interpretations:

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.

Amendments IAS 1 – Non-current liabilities with covenants and Classification of Liabilities as Current or Noncurrent Amendments:

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.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements:

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The Group has not applied the above new amendments as those were not applicable.

##### d) 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 2025 and earlier application is permitted for certain new standards and amendments; however, the Group has not early adopted them in preparing these Consolidated Financial Statements. The Group is currently evaluating the impact of the adoption of these standards on the Consolidated Financial Statements.

Amendments to IAS 21 – Lack of exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments:

These amendments:

- Clarify the requirements for the timing of recognition and de-recognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- The structure of the statement of profit or loss;
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

##### e) Going Concern

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

## **SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES**

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### **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

Information about assumptions and estimation uncertainties at 31 December 2024 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 and unbilled receivables and contract assets: key assumptions in determining the weighted-average loss rate; and.
- Note 7.1/ policy 5.21: impairment test on cash generating units; key assumptions underlying recoverable amounts;
- Note 23/ policy 5.17: measurement of defined benefit obligations: key actuarial assumptions.
- Note 31 The application of IFRS 15 has required management to make the following judgements.

#### **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.

#### **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.

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.

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

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 company'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 2024 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.

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.

## **SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES**

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#### **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **5.1 Basis of consolidation (continued)**

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.

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.

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#### 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 5.2 Equity accounting in investee (continued)

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 right to defer the settlement of the liability for at least twelve months after the financial period.

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

##### 5.4 Revenue from contracts with customer

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 standalone selling price 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 generates revenue from the following areas:

- a) Revenue from Passenger transport
- b) Revenue from specialized services
- c) Revenue from urban services
- d) Revenue from Technical Shared Services
- e) Service concession arrangements with third parties
- f) Revenue from digital mobility solution

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

## **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.4 Revenue from contracts with customer (Continued)**

#### **(a) Revenue form passenger transport**

Revenue from passenger transport represent inside city, intercity and international transportation services is recognized when the customer obtains transportation service which occurs upon completion of trip.

#### **(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 which occurs upon completion of trip.

#### **(c) Revenue from urban services**

This represents contract revenues with municipalities and Royal commissions for public transport services inside cities the revenue is recognized over time since municipalities and Royal commissions receive and consume the benefits provided by the company's performance.

#### **(d) Revenue from Technical Shared Services**

Technical shared services encompass maintenance and repair services offered to customers in transport sector, the revenue is recognized over time since customers receive and consume the benefits provided by the company's performance.

#### **(e) Service concession arrangements**

The subsidiary (Public Transportation Company "PTC", "the Operator") entered into a contract with Royal Commission for Riyadh City ("RCRC" or the "Grantor") on 20 November 2014 for executing King Abdul-Aziz Project for public transport in Riyadh. The original contract period was twelve years, which is extended to 22 December 2028 through the last variation order (Variation Order# 3). Under the arrangement, the Company will procure buses, construct depots and manage operations (i.e., running of buses - transporting public in various transport lines) and management of transport lines for RCRC. The contract is divided into two phases, i.e., mobilization phase and operational phase. At the end of the contract period, the Grantor has an option either to purchase the infrastructure (buses and depots) along with other assets or transfer the legal right to the Company. The rights of the Grantor to terminate the agreement include termination for cause and optional termination.

Based on the arrangement with RCRC, the Company has an unconditional right to receive cash during the mobilization and operational period and it does not have any right to use the infrastructure to recover cash from public. The Company recognizes a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from the Grantor for the 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 costs relevant to the project are incurred on each of the six separately identified performance obligations by adopting the cost plus basis.</p> <p>The Company has the following performance obligations:</p> <ul style="list-style-type: none"> <li>i. Bus procurement</li> <li>ii. Depot construction</li> <li>iii. Bus operation</li> <li>iv. Facility management</li> <li>v. Traffic control center</li> </ul> <p>Invoices are raised to the customer based on the payment milestones agreed in the contract and the monthly invoicing mechanism.</p> <p>The customer acknowledges the work performed prior to the invoices being generated. Invoices are payable within 60 days. Amounts not billed are presented as unbilled revenue</p> <p>The Company recognizes revenue from ridership based on number of riders. Invoices are raised on monthly and yearly basis to the customer based on agreed ridership rate in the contract.</p>	<p>Revenue is recognized over time based on the percentage of completion method</p> <p>Revenue is recognized at point in time as per the contractual terms agreed.</p>

**(f) 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 which occurs upon completion of trip. 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.

**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.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.5 Financial instruments (continued)

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:

<b><u>Financial statements item</u></b>	<b><u>Classification under IFRS 9</u></b>
Investments at fair value through Profit or loss	Fair value through profit or loss (FVTPL)
Derivative financial instruments – Interest Rate SWAP and Callable 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.

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 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.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.5 Financial instruments (continued)

#### 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 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 de-recognition 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.

#### **De-recognition**

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;
- 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.

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## **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.5 Financial instruments (continued)**

#### **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).

#### **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, including default or overdue payments exceeding 360 days.
- 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.

## **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.5 Financial instruments (continued)**

#### **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.

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.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.5 Financial instruments (continued)

#### Write-off

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

### 5.6 Cash and cash equivalents

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

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

### 5.7 Dividends Payable

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

### 5.8 Provisions

#### *General*

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

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

### 5.9 Assets held for sale

The Group classifies non current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Non - 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

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#### 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

##### 5.10 Inventories

Inventory includes service materials and spare parts that are recorded at the lower of cost or net realizable value. Costs are assigned to the items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is considered as the estimated selling price in ordinary course of business, less estimated costs to completion and the estimated costs necessary to complete the sale.

##### 5.11 Property and equipment, buses and trucks

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. This cost includes the cost of replacing part of property and equipment and borrowing costs relating to long-term construction projects if the recognition criteria are met. If replacement of important parts of 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 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 lease hold improvements	3 – 33 years
Buses, trucks and trailers	5 – 12 years
Machines and equipment	2 - 20 years
Furniture and Fixture	3 - 10 years
Motor Vehicles	3 - 6 years

Depreciation is not calculated on lands.

An item of property 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 and equipment, buses and trucks are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

##### 5.12 Advances to customers against the property and equipment

Advances paid to customers for the procurement of buses and other non-current assets are classified as long-term capital advances.

##### 5.13 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.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.13 Leases (continued)

#### 5.13.1 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.

#### 5.13.2 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.

### 5.14 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. 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 year 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 and equipment up to the date of change in use.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.15 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 amortization and any accumulated impairment loss.

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

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.16 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.

### 5.17 Employee benefits

The Group has defined contribution plan with General Organization 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.

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.

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## 5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 5.17 Employee benefits (Continued)

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

### 5.18 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. The finance cost consists of other bank commissions that an entity incurs in connection with issuing letters of guarantee and credit transactions, along with other financial transactions, interest expenses related to lease liabilities, changes in the fair value of derivative instruments, and interest incurred in relation to derivative instruments.

### 5.19 Zakat and income tax

#### Zakat

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

#### Income tax

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

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

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

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

## **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.19 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 utilized, 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 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.

## **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

### **5.19 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.

### **5.20 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.

### **5.21 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.

### **5.22 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) including interest on derivative financial instruments, interest on short term deposits and loans on advances recognised on amortised cost basis.

### **5.23 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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#### **5. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

##### **5.24 Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Commission expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All borrowing costs including commission expense are recognised in profit or loss in the period in which they are incurred.

##### **5.25 Operating profit**

Operating profit is the profit from core business activities, calculated as revenue minus operating expenses, excluding financing costs, zakat and income tax, and non-operating items.

##### **5.26 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized as from the commencement of the development work until the date of practical completion, when substantially all of the development work is completed. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Borrowing costs is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

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#### 6. OPERATING SEGMENTS

The Group Chief Executive Officer (CEO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment and is the Chief Operating Decision Makers (CODM) for the Group.

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 cities and inter cities including urban contracts revenue as well as international transport services.
- 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.
- Digital mobility solutions provides technologies based mobility solutions such as on demand services and shared ride services.
- Technical shared services encompass maintenance and repair services offered to both internal and external customers.

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'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. Up to 31 December 2024, total revenues amounted to SR 1,460 million, comprised of SR 877 million from government entities and SR 583 million from private entities (total revenues up to 31 December 2023 were SR 1,570 million, with SR 670 million from government entities and SR 900 million from private entities).

As of 31 December 2024, total receivables amounted to SR 1,010 million, including SR 935 million from government entities and SR 75 million from private entities. (31 December 2023: SR 1,210 million, which included SR 1,127 million from government entities and SR 83 million from private entities).

For geographical distribution of revenue refer to Note 31.

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#### 6. OPERATING SEGMENTS (CONTINUED)

##### Information on reportable segments

The financial information included for these segments is as follows:

For the year ended 31 December 2024	Public transport	Specialized services	Technical shared services	Digital mobility solutions	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Operating revenue	298,025	453,748	43,492	59,165	610,456	1,464,886	(5,249)	1,459,637
Inter segment revenue	-	-	120,192	-	-	120,192	(120,192)	-
Cost of revenue	(175,116)	(306,349)	(114,866)	(56,193)	(401,680)	(1,054,204)	81,308	(972,896)
Impairment on trade and other receivables	(3,693)	(5,622)	(1,055)	(2,958)	-	(13,328)	-	(13,328)
Depreciation and amortization	(62,304)	(113,626)	(15,379)	(3,326)	(5,770)	(200,405)	-	(200,405)
Financial cost	(28,424)	(30,793)	(10,427)	(346)	(46,292)	(116,282)	1,084	(115,198)
Finance income	5,274	7,457	-	-	4,676	17,407	-	17,407
Share of equity accounted investee	10,226	(30,148)	-	-	-	(19,922)	-	(19,922)
Other expenses	(43,667)	(59,627)	(12,472)	(14,641)	(12,304)	(142,711)	(1,471)	(144,182)
Other income	9,827	19,436	21,638	541	1,948	53,390	(35,513)	17,877
Income/(loss) before zakat and income tax	10,148	(65,524)	31,123	(17,758)	151,034	109,023	(80,033)	28,990
Zakat and Income Tax	(952)	(2,082)	(735)	(361)	(9,744)	(13,874)	-	(13,874)
<b>Net profit /(loss) for The Year</b>	<b>9,196</b>	<b>(67,606)</b>	<b>30,388</b>	<b>(18,119)</b>	<b>141,290</b>	<b>95,149</b>	<b>(80,033)</b>	<b>15,116</b>

For the year ended 31 December 2023	Passenger transport	Specialized services	Technical shared services	Digital mobility solutions	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Operating revenue	540,082	458,620	6,800	27,176	546,625	1,579,303	(9,647)	1,569,656
Inter segment revenue	-	-	135,294	-	-	135,294	(135,294)	-
Cost of revenue	(326,335)	(418,848)	(83,974)	(50,625)	(400,136)	(1,279,918)	190,606	(1,089,312)
Impairment on trade and other receivables	(6,917)	(5,800)	(94)	(927)	-	(13,738)	-	(13,738)
Depreciation and amortization	(75,950)	(79,028)	(22,409)	(14,017)	(5,238)	(196,642)	-	(196,642)
Financial cost	(6,015)	(18,314)	(1,387)	(786)	(63,746)	(90,248)	-	(90,248)
Finance income	3,531	8,593	-	-	-	12,124	-	12,124
Share of equity accounted investee	(1,669)	(26,694)	-	-	-	(28,363)	-	(28,363)
Other expenses	(95,595)	(80,204)	(5,138)	(30,192)	(5,500)	(216,629)	4,684	(211,945)
Other income	53,026	53,190	10,294	1,701	12,629	130,840	(94,093)	36,747
Income/(loss) before zakat and income tax	84,158	(108,485)	39,386	(67,670)	84,634	32,023	(43,744)	(11,721)
Zakat and Income Tax	(4,080)	(3,422)	-	-	(4,954)	(12,456)	-	(12,456)
<b>Net profit /(loss) for The Year</b>	<b>80,078</b>	<b>(111,907)</b>	<b>39,386</b>	<b>(67,670)</b>	<b>79,680</b>	<b>19,567</b>	<b>(43,744)</b>	<b>(24,177)</b>

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**6. OPERATING SEGMENTS (CONTINUED)**

**Information on reportable segments (continued)**

As at 31 December 2024	Passenger transport	Specialized services	Technical Shared Services	Digital mobility solutions	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
	<u>SR'000</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>
Property and equipment, buses and trucks	216,866	599,825	145,552	2,872	14,288	979,403	94,254	1,073,657
Current assets	146,313	190,685	173,818	40,154	1,115,148	1,666,118	49,480	1,715,598
Equity accounted investees	3,937	644	-	-	-	4,581	-	4,581
Assets held for sales	14,177	-	-	-	-	14,177	-	14,177
Other Assets	132,117	266,925	95,836	24,261	591,507	1,110,646	(63,025)	1,047,621
<b>Total liabilities</b>								
Loans	222,670	305,365	2,103	2800	692,611	1,225,549	25,342	1,250,891
Other long-term liability	16,081	31,782	27,458	1,100	768,351	844,772	34,504	879,276
Current liabilities	46,385	85,114	97,154	247,421	92,398	568,472	205,672	774,144

As at 31 December 2023	Passenger transport	Specialized services	Technical Shared Services	Digital mobility solutions	Concession for the King Abdul-Aziz Project for Public Transport in Riyadh	Total segments	Adjustments and eliminations	Total
	<u>SR'000</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>	<u>SR'00</u>
Property and equipment, buses and trucks	272,574	707,671	155,467	4,035	9,710	1,149,457	-	1,149,457
Current assets	414,888	340,321	18,698	18,333	1,245,479	2,037,719	(190,945)	1,846,774
Equity accounted investees	(6,469)	30,274	-	-	-	23,805	-	23,805
Assets held for sales	39,300	-	-	-	-	39,300	-	39,300
Other Assets	197,885	164,867	2,777	28,031	592,130	985,690	(8,809)	976,881
<b>Total liabilities</b>								
Loans	265,320	575,647	2,803	9,416	443,091	1,296,277	-	1,296,277
Other long-term liability	58,413	60,485	44,531	675	909,244	1,073,348	-	1,073,348
Current liabilities	192,973	151,089	62,542	206,013	470,695	1,083,312	(338,410)	744,902

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**7. PROPERTY AND EQUIPMENT, BUSES AND TRUCK, NET**

	Land SR'000	Buildings and lease hold improvements SR'000	Buses, trucks and trailers SR'000	Furniture & Fixture SR'000	Motor vehicles SR'000	Machines and equipment SR'000	Total SR'000
<b>Cost</b>							
<b>Balance as at 1 January 2023</b>	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 36)	-	-	(760,442)	-	-	-	(760,442)
<b>Balance as at 31 December 2023</b>	<b>90,264</b>	<b>560,775</b>	<b>1,438,769</b>	<b>25,033</b>	<b>69,099</b>	<b>135,483</b>	<b>2,319,423</b>
Additions during the year	-	222	59,701	5,648	-	8,417	73,988
Transfers from projects in progress	-	57,349	(172)	-	172	8,898	66,247
Transfer to assets held for sale (note 36)	-	-	(30,020)	-	-	-	(30,020)
Disposal during the year	-	(21,292)	(5,121)	(6,862)	(6,234)	(27,778)	(67,287)
<b>Balance as at 31 December 2024</b>	<b>90,264</b>	<b>597,054</b>	<b>1,463,157</b>	<b>23,819</b>	<b>63,037</b>	<b>125,020</b>	<b>2,362,351</b>
<b>Accumulated depreciation and impairment</b>							
Balance as at 1 January 2023	-	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 36)	-	-	(703,833)	-	-	-	(703,833)
Disposal during the year	-	-	(15,474)	(703)	(11,071)	-	(27,248)
<b>Balance as at 31 December 2023</b>	<b>-</b>	<b>438,776</b>	<b>617,277</b>	<b>18,592</b>	<b>56,938</b>	<b>95,224</b>	<b>1,226,807</b>
Depreciation during the year	-	13,040	146,973	2,081	3,752	10,689	176,535
Transfer to assets held for sale (note 36)	-	-	(20,775)	-	-	-	(20,775)
Disposal during the year	-	(20,598)	(5,105)	(6,707)	(6,143)	(27,520)	(66,073)
<b>Balance as at 31 December 2024</b>	<b>-</b>	<b>431,218</b>	<b>738,370</b>	<b>13,966</b>	<b>54,547</b>	<b>78,393</b>	<b>1,316,494</b>
<b>Net book value</b>							
<b>As at 31 December 2024</b>	<b>90,264</b>	<b>165,836</b>	<b>724,787</b>	<b>9,853</b>	<b>8,490</b>	<b>46,627</b>	<b>1,045,857</b>
As at 31 December 2023	90,264	121,999	821,492	6,441	12,161	40,259	1,092,616

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

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Property and equipment, buses and trucks	1,045,857	1,092,616
Projects in progress	(7.2) <u>27,800</u>	<u>56,841</u>
	<b><u>1,073,657</u></b>	<b><u>1,149,457</u></b>

The items classified under property and equipment (PPE) are not encumbered or pledged as collateral for any financial obligations or financing arrangements. These assets remain unassociated with loans, ensuring that they are free from claims by creditors or lenders.

**7.1 Impairment test of cash generating units (CGUs)**

Management performs impairment assessment of all of its operating cash generating units and associated assets to identify that any impairment may exist at the end of the financial year. During the year ended 31 December 2024, 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 2024: Nil (2023: Nil). In the absence of a binding agreement to sell the buses and an active reference market to determine fair value, the recoverable amount of the Cash Generating Units has been assessed using the value in use method.

**7.2 Projects and buses under progress/ preparation**

Projects under progress include development of buildings and stations.

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

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
<b>At the beginning of the year</b>	<b>56,841</b>	29,457
Additions during the year	37,206	28,471
Transfers during the year	(66,247)	(1,087)
<b>At the end of the year</b>	<b><u>27,800</u></b>	<b><u>56,841</u></b>

The company expects to complete the projects in progress during the year ended on 31 December 2025.

**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 2024 and 31 December 2023. This balance represent parcels of land located in various cities across the Kingdom of Saudi Arabia. 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 valuator 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 2024, and the fair value determined at SR 457million (2023: SR 445 million).

The Fair Value Measurement in its entry is classified into Level 2 based on the valuation techniques used in estimating the fair value and related inputs.

The cost of the land was assessed using a market comparison approach, where the valuation was based on the prices of observable similar pieces of land in the relevant market.

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**8. INVESTMENT PROPERTIES (CONTINUED)**

This method involves analyzing recent transactions of comparable land parcels to establish a reasonable and accurate value. By considering the characteristics, location, size, frontage/visibility, view. The Key inputs under this approach are the price per square meter from Current year sales of comparable lots of the land in the area.

**31 December 2024**

<b>Property</b>	<b>Fair value</b>	<b>Valuation Technique</b>	<b>Significant unobservable input</b>	<b>Range</b>
Owned lands	<b>456,567</b>	Market comparable	Average price per Square Meter	521- 9,287

**31 December 2023**

<b>Property</b>	<b>Fair value</b>	<b>Valuation Technique</b>	<b>Significant unobservable input</b>	<b>Range</b>
Owned lands	<b>444,673</b>	Market comparable	Average price per Square Meter	498 - 9,076

The sensitivity analysis of changes in the per square meter market price assumption will have the following impact on the property valuation:

<b>Property</b>	<b>Increase</b>	<b>Decrease</b>	<b>Increase in valuation</b>	<b>Decrease in valuation</b>
Owned lands - 2024	<b>1%</b>	<b>1%</b>	4,566	(4,566)
Owned lands – 2023	<b>1%</b>	<b>1%</b>	4,447	(4,447)

**9. INTANGIBLE ASSETS, NET**

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
Software, applications and licenses (a)	<b>36,682</b>	39,890
Other intangible assets (b)	<b>586,232</b>	584,767
	<b><u>622,914</u></b>	<u>624,657</u>

**a) Software, applications and licenses**

	<b><u>SR'000</u></b>
<b>Cost</b>	
Balance as at 1 January 2023	121,599
Additions	10,641
Balance as at 31 December 2023	<b>132,240</b>
Additions	<b>14,316</b>
<b>Balance as at 31 December 2024</b>	<b><u>146,556</u></b>
<b>Accumulated amortization</b>	
Balance as at 1 January 2023	74,983
Additions	10,790
Write off during the year	6,577
Balance as at 31 December 2023	<b>92,350</b>
Additions	<b>11,102</b>
Write off during the year	<b>6,422</b>
<b>Balance as at 31 December 2024</b>	<b><u>109,874</u></b>
<b>Net book value</b>	
<b>As at 31 December 2024</b>	<b><u>36,682</u></b>
As at 31 December 2023	<u>39,890</u>

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**9. INTANGIBLE ASSETS, NET (CONTINUED)****b) Other intangible assets (continued)**

The intangible assets represent PTC's right in the residual value of the project's buses, Demand Responsive Transport (DRTs) and depots after the end of the project. As per the contract, the Grantor (Royal Commission of Riyadh City) has an option to purchase the buses and depots. At their residual value, if this option is not exercised, PTC has the right to retain the buses and depots.

During the year 2024, the Company bought 77 DRT Vans as part of the contract. The residual value of these vehicles are recorded as intangible assets amounting to SAR 1.464 Million.

**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 17.9 million for the year ended 31 December 2024 (31 December 2023: SR 16 million). The group has been written off SR 3.75 million (2023: Nil) for leases contract that has been fully depreciated.

	<u>Buildings</u>	<u>Cars</u>	<u>Total</u>
<b>Cost</b>			
<b>Balance as at 1 January 2023</b>	45,419	68,591	114,010
Additions	-	1,547	1,547
Disposals during the year	-	(27,637)	(27,637)
<b>Balance as at 31 December 2023</b>	<u>45,419</u>	<u>42,501</u>	<u>87,920</u>
Additions	15,968	119	16,087
Disposal during the year	(4,764)	-	(4,764)
Written off	(3,750)	-	(3,750)
Transfers during the year	(7,534)	-	(7,534)
<b>Balance as at 31 December 2024</b>	<u>45,339</u>	<u>42,620</u>	<u>87,959</u>
<b>Accumulated depreciation</b>			-
<b>Balance as at 1 January 2023</b>	10,582	22,037	32,619
Charge for the year	7,334	7,996	15,330
<b>Balance as at 31 December 2023</b>	<u>17,916</u>	<u>30,033</u>	<u>47,949</u>
Charge for the year	7,385	5,383	12,768
Written off	(3,750)	-	(3,750)
Disposal during the year	(1,737)	-	(1,737)
Transfers during the year	(6,375)	-	(6,375)
<b>Balance as at 31 December 2024</b>	<u>13,439</u>	<u>35,416</u>	<u>48,855</u>
<i>Net book value</i>			
<b>As at 31 December 2024</b>	<u>31,900</u>	<u>7,204</u>	<u>39,104</u>
As at 31 December 2023	<u>27,503</u>	<u>12,468</u>	<u>39,971</u>

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**11. EQUITY ACCOUNTED INVESTEEES**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Share in joint venture (SEITCO) (a)	644	30,274
Share in an associate (CAMCO) (b)	3,937	(6,469)
Share in an associate (Saudi Bahraini Transport Company) (c)	-	-
<b>Balance at the end of the year</b>	<b><u>4,581</u></b>	<b><u>23,805</u></b>

The accumulated losses of CAMCO have been recognized as accrued liabilities. Consequently, the amount reflected in the statement of financial position for the year 2023 is SAR 30.27 million.

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

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at beginning of the year	30,274	46,723
Share of losses	(30,148)	(26,694)
Share in comprehensive income	518	345
Discounting impact of loan	-	9,900
Balance at the end of the year	<b><u>644</u></b>	<b><u>30,274</u></b>

**The investment balance in joint venture is as follows:**

Saudi Emirates Integrated Transport Limited 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:

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
<b>Statement of balance sheet</b>		
<b>Assets</b>		
Cash and cash equivalents	20,146	44,473
Current assets	42,201	61,434
Non-current assets	169,201	201,785
<b>Total assets</b>	<b><u>231,548</u></b>	<b><u>307,692</u></b>
<b>Liabilities</b>		
Current financial liabilities	81,118	88,977
Other current liabilities	61,427	36,950
Non-current financial liabilities	74,448	108,879
Non-current other liabilities	13,268	12,339
<b>Total liabilities</b>	<b>230,261</b>	<b>247,145</b>
Net Equity	1,287	60,547
Group's share of investment	50%	50%
Share attributable to group	<b><u>644</u></b>	<b><u>30,274</u></b>

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**11. EQUITY ACCOUNT INVESTEEES (CONTINUED)**

Continuation to the table of SEITCO’s financial information:

	<b>31 December 2024</b>	31 December 2023
<b>Statement of Income</b>	<b><u>SR’000</u></b>	<b><u>SR’000</u></b>
Revenues	<b>214,593</b>	214,300
Depreciation and amortization	<b>(33,261)</b>	(32,630)
Other operating expenses	<b>(233,120)</b>	(226,427)
Operating losses	<b>(51,788)</b>	(44,757)
Finance costs	<b>(8,460)</b>	(8,140)
Zakat	<b>(48)</b>	(491)
Loss after Zakat	<b>(60,296)</b>	(53,388)
Total loss attributable to the Group	<b>(30,148)</b>	(26,694)
Other comprehensive income	<b>1,034</b>	690
Total comprehensive loss	<b>(59,261)</b>	(52,698)
Total comprehensive loss attributable to the Group	<b><u>(29,630)</u></b>	<b><u>(26,349)</u></b>

No dividends were distributed by SEITCO during the years ended 31 December 2024 and 31 December 2023.

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

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR’000</u></b>	<b><u>SR’000</u></b>
Balance at beginning of the year	<b>(6,469)</b>	(4,800)
Share of profit/(losses) for the year	<b>10,226</b>	(1,669)
Share in other comprehensive income	<b>180</b>	-
Balance at the end of the year	<b><u>3,937</u></b>	<b><u>(6,469)</u></b>

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 3.6million 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 until 2023, balance of instrument was negative and classified under current liabilities as provision against loss in the associate under accrued expenses (Note 28) as the Company has guaranteed the obligation of the associate.

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**11. EQUITY ACCOUNTED INVESTEEES (CONTINUED)**

The following table summarizes the financial information of CAMCO:

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
<b>Statement of balance sheet</b>		
<b>Assets</b>		
Cash and cash equivalents	342,827	401,630
Current assets	191,915	204,073
Non-current assets	21,692	17,782
Total assets	<u>556,434</u>	<u>623,485</u>
<b>Liabilities</b>		
Current financial liabilities	73,935	282,769
Other current liabilities	349,936	166,148
Non-current financial liabilities	103,124	194,301
Non-current non - financial liabilities	14,621	9,491
Total liabilities	<u>541,616</u>	<u>652,709</u>
Net Equity	<u>14,818</u>	(29,224)
Group's share of investment	20%	20%
Share attributable to the Group	<u>3,937</u>	<u>(6,469)</u>

Continuation to the table of CAMCO's financial information

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
<b>Statement of Income</b>		
Revenues	706,553	322,042
Depreciation and amortization	(2,550)	(2,441)
Other expenses	(643,221)	(299,157)
Finance costs	(18,486)	(32,351)
Finance income	10,175	3,562
Net profit/(losses) before Zakat and income tax	52,471	(8,345)
Zakat and income tax	(8,862)	-
Net profit/(losses) after Zakat and income tax	43,609	(8,345)
Total profit/(loss) attributable to the Group	10,226	(1,669)
Other comprehensive income	899	-
Total comprehensive profit/(loss)	<u>44,508</u>	<u>(8,345)</u>
Total comprehensive loss attributable to the Group	<u>10,406</u>	<u>(1,669)</u>

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

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Investment in associate (Saudi Bahraini Transport Company)	7,459	7,459
Less: impairment of investment	(7,459)	(7,459)
	<u>-</u>	<u>-</u>

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. 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.

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**11. EQUITY ACCOUNTED INVESTEEES (CONTINUED)**

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. The Company has no constructive or legal obligation to settle any liabilities of Saudi Bahraini Transport Company.

**12. OTHER NON – CURRENT ASSETS**

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
Capital advance*	<b>39,407</b>	-
Other non – current assets	<b>1,215</b>	2,034
	<b><u>40,622</u></b>	<u>2,034</u>

\* Capital advances represent payments made to suppliers for the procurement of buses and other items that will be subsequently classified under property and equipment, buses and trucks.

**13. INVENTORIES, NET**

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
Spare parts inventory	<b>38,892</b>	76,264
Less: Expected adjustments of net realizable value	<b>(9,120)</b>	(48,445)
Net inventory	<b><u>29,772</u></b>	<u>27,819</u>

An analysis of the Movement in the expected adjustments of net movement in net realizable value the year ended is as follows:

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
Balance at beginning of the year	<b>48,445</b>	48,698
Charged/(reversed) during the year	<b>695</b>	(253)
Write off during the year	<b>(40,020)</b>	-
Balance at the end of the year	<b><u>9,120</u></b>	<u>48,445</u>

**14. TRADE RECEIVABLES AND UNBILLED RECEIVABLES, NET**

	<b>31 December 2024 SR '000</b>	31 December 2023 SR'000
<b>Trade and unbilled receivables:</b>		
Government and semi-government institutions	<b>255,030</b>	338,649
Unbilled receivables*	<b>679,081</b>	848,762
Receivable from related parties	<b>35,049</b>	17,573
Private sector	<b>115,397</b>	67,175
<b>Total trade and unbilled receivables</b>	<b><u>1,084,557</u></b>	<u>1,272,159</u>
Less: Impairment loss	<b>(73,713)</b>	(62,042)
<b>Trade and unbilled receivables, net</b>	<b><u>1,010,844</u></b>	<u>1,210,117</u>

On 31 December 2024, the impaired trade receivables amounted to SR 73.7 million (31 December 2023: SR 62 million).

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**14. TRADE RECEIVABLES AND UNBILLED RECEIVABLES, NET (CONTINUED)**

**The movement of Impairment loss on trade receivables:**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at beginning of the year	62,042	64,516
Charge for the year	11,828	14,272
Amounts written off during the year	(157)	(16,746)
Balance at the end of the year	<u>73,713</u>	<u>62,042</u>

**\*Unbilled Receivables**

Movement summary unbilled receivable is as follows:

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at the beginning of the year	848,762	1,278,217
Revenue recognized during the year	610,457	546,625
Revenue billed during the year	(780,138)	(976,080)
Balance at the end of the year	<u>679,081</u>	<u>848,762</u>

The unbilled receivables represent the revenue recognized 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 year, the Company has received an amount of SAR 737 million (31 December 2023: SAR 814 million) from RCRC.

**15. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Value added tax	23,416	29,624
Advances to suppliers	25,760	11,017
Prepaid insurance and prepaid short-term rents	18,033	11,146
Guarantee	2,350	2,350
Employees loans	11,417	12,094
Other receivables	20,529	14,921
	<u>101,505</u>	<u>81,152</u>
Less: Impairment loss on other current assets	(6,071)	(4,571)
	<u>95,434</u>	<u>76,581</u>

**The movement of impairment loss on other current assets:**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at beginning of the year	4,571	5,105
Additions/(reversal) for the year	1,500	(534)
Balance at the end of the year	<u>6,071</u>	<u>4,571</u>

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**16. OTHER INVESTMENTS AND DERIVATIVE FINANCIAL ASSETS**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Financial assets at fair value through profit or loss	-	9,125
Derivative financial asset – interest rate SWAP	<b>1,336</b>	4,752
	<b><u>1,336</u></b>	<u>13,877</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

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at the beginning of the year	<b>9,125</b>	7,523
Addition	-	588
Disposal	<b>(11,456)</b>	-
Movements due to changes in fair value	<b>2,331</b>	1,014
Balance at the end of the year	<b><u>-</u></b>	<u>9,125</u>

**b) Derivative financial asset – interest rate SWAP**

As at 31 December 2024, the Company had three profit rate swap agreements in place with a local bank with a notional amount of SR 195.9 million, SR 159.9 million and SR 62.9 million respectively (31 December 2023: SR 355.9 million) whereby the Company pays fixed profit rate of approximately 5.75%, 6.38% and 6.36% 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 of the derivative asset was SR 1,336K as at 31 December 2024 (2023 Gain of SR 4,752K). The change in fair value gain was recognized in statement of profit and loss as part of the finance cost during the year ended 31 December 2024 SR 3,272 (31 December 2023: 4,752K).The valuation is done by the bank according to predetermined and market established practices.

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Balance at the beginning of the year	<b>4,752</b>	-
Movements due to changes in fair value	<b>(3,416)</b>	4,752
Balance at the end of the year	<b><u>1,336</u></b>	<u>4,752</u>

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**16. OTHER INVESTMENTS AND DERIVATIVE FINANCIAL ASSETS (CONTINUED)**

**c) Derivative financial Liability**

During the year ended 31 December 2024, PTC has entered into Callable Range Accrual Swap agreement and Profit Swap agreement with a notional amount of SAR 500 million and SAR 472 million respectively.

In Callable Range Accrual Swap agreement, the Company is to pay when the floating profit rate is higher than the floating profit rate plus spread (subject to range) for the applicable period and receive when floating profit rate plus spread (subject to range) is lower than the higher limit of the range as per the agreement. The subjected range as per the agreement is 0%-7%.

In Profit Swap agreement, the Company is to pay fixed rate of 5.2% and receives floating profit rate equal to 1 months SAIBOR plus 1% on the notional amount.

The Callable Range Accrual swap and Profit Swap agreement are classified as derivative instruments (fair value through profit or loss ‘FVTPL’) 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 as at 31 December 2024 and change in fair value loss of the derivative liability is SR 4.9 million (2023: Nil). The valuation is done by the bank according to predetermined and market established practices.

During the year ended 31 December 2024, SAT (one of the other subsidiary) has entered into Callable Range Accrual Swap agreement and Profit Swap agreement with a notional amount of SAR 100 million and SAR 90 million respectively.

In Callable Range Accrual Swap agreement, the Company is to pay when the floating profit rate is higher than the floating profit rate plus spread (subject to range) for the applicable period and receive when floating profit rate plus spread (subject to range) is lower than the higher limit of the range as per the agreement. The subjected range as per the agreement is 0%-7%.

In Profit Swap agreement, the Company is to pay fixed rate of 4.8% and receives floating profit rate equal to 1 months SAIBOR plus 1% on the notional amount.

The Callable Range Accrual swap and Profit Swap agreement are classified as derivative instruments (fair value through profit or loss ‘FVTPL’) 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 as at 31 December 2024 and change in fair value loss of the derivative liability is SR 929K (2023: NIL). The valuation is done by the bank according to predetermined and market established practices.

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
Balance at the beginning of the year	-	-
Movements due to changes in fair value	<b>5,829</b>	-
Balance at the end of the year	<b><u>5,829</u></b>	<u>-</u>

**17. CASH AND CASH EQUIVALENTS**

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
Cash on hand	<b>876</b>	711
Cash at bank	<b>420,843</b>	330,862
Short-term deposits	<b>128,024</b>	102,675
	<b><u>549,743</u></b>	<u>434,248</u>

As of 31 December 2024, the Group holds a designated bank balance of SR 90 million (2023: SR 88 million). This balance is for specific purposes, including distribution to shareholders and serving as collateral for Contractors and agent’s deposits.

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**17. CASH AND CASH EQUIVALENTS (CONTINUED)**

The average rate on Short-term deposits during 2024 is 5% (2023: 4.5%) per annum with an average maturity of less than month.

**18. SHARE CAPITAL**

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

**19. STATUTORY RESERVE**

With the enforcement of the new Companies Law in the Kingdom of Saudi Arabia effective 19 January 2023, the accumulation of profits as statutory reserve is no longer required. Pursuant to that, the Company's shareholders, in the Ordinary General Assembly meeting held on 14 May 2024, decided to amend the Company's bylaws to be in line with the provisions of the new Companies' Law and removed the requirements related to the creation of a statutory reserve. These legal formalities for amending the Company's bylaws have been finalized on 10 June 2024.

**20. GENERAL RESERVE**

In accordance with the Company's by-law, the Ordinary General Assembly held on 14 May 2024, based on the recommendation of the Board of Directors, approved that the management of the Company may set aside any amount of the Company's available funds, for distributions to shareholders, as a general reserve. The objective of creation of general reserve includes, providing social benefits to the Company's employees, its subsidiaries, or for other purposes related to the Company as the Board of Directors may deem appropriate and in the interest of the Company.

**21. MURABAHA FINANCING**

The Group has entered into Murabaha arrangements with banks to obtain Murabaha facilities. These loans have a maturity of up to five years from the date of the Murabaha financing agreement 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 and Callable agreement as detailed in Note 16 (b & c). The Group has obtained these loans in order to finance the procurement of buses.

Short-term Murabaha financing

During current year, the Group obtained short-term bank facilities from local banks amounted to SR 450 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. The entire facility period is less than 360 days.

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**21. MURABAHA FINANCING (CONTINUED)**

Murabaha financing, including short term financing.

The Group has availed a total of SR 1,251 million Murabaha financing, including short term financing, from various local bank as at 31 December 2024 (31 December 2023: SR 1,296 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 2024 SR'000</u>	<u>31 December 2023 SR'000</u>
Local Bank 1	SR	2028	512,000	499,392	672,000
Local Bank 5	SR	2024	83,000	-	9,721
Local Bank 4	SR	2025	101,000	14,244	35,180
Local Bank 2	SR	2027	250,000	79,300	108,314
Local Bank 6	SR	2028	195,950	130,967	170,181
Local Bank 6	SR	2028	159,850	116,573	149,035
Local Bank 6	SR	2029	62,900	54,653	-
<b>Total value</b>				<b>895,129</b>	<b>1,144,431</b>
<b>Less: Current portion of long-term Murabaha</b>				<b>(248,250)</b>	<b>(289,677)</b>
<b>Non-current portion of long-term Murabaha</b>				<b>646,879</b>	<b>854,754</b>

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 2024 SR'000</u>	<u>31 December 2023 SR'000</u>
Bank 1 - Current balance of long-term Murabaha	SR	512,000	118,892	158,000
Bank 5 - Current balance of long-term Murabaha	SR	83,000	-	9,721
Bank 4 - Current balance of long-term Murabaha	SR	101,000	14,244	20,950
Bank 2 - Current balance of long-term Murabaha	SR	250,000	30,588	29,091
Bank 6 - Current balance of long-term Murabaha	SR	195,950	39,333	39,341
Bank 6 - Current balance of long-term Murabaha	SR	159,850	32,567	32,574
Bank 6 - Current balance of long-term Murabaha	SR	62,900	12,626	-
Short-term Murabaha financing from local banks	SR	450,000	355,762	151,846
<b>Total short-term Murabaha financing and current portion of long-term Murabaha</b>			<b>604,012</b>	<b>441,523</b>

A summary of the Murabaha transaction is as follows:

	<u>31 December 2024 SR'000</u>	<u>31 December 2023 SR'000</u>
Balance at beginning of the year	1,296,277	1,631,514
Proceeds during the year	1,471,412	813,469
Interest cost incurred	94,654	82,331
Re-payments during the year	(1,517,241)	(1,149,659)
Interest cost paid	(94,211)	(81,378)
Balance at the end of the year	<b>1,250,891</b>	<b>1,296,277</b>

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**21. MURABAHA FINANCING (CONTINUED)**

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

	<b>31 December 2024 SR’000</b>	31 December 2023 SR’000
Short-term Murabaha financing	355,762	151,846
Current portion of Murabaha financing	248,250	289,677
Non-current portion recognized under non-current liabilities	646,879	854,754
	<u>1,250,891</u>	<u>1,296,277</u>

Murabaha financing terms.

The Group Murabaha is secured by way of promissory notes and carries no restrictive covenants.

**22. CONTRACT LIABILITIES**

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).

	<b>31 December 2024 SR’000</b>	31 December 2023 SR’000
Contract liabilities government related (a)	944,078	1,123,147
Contract liabilities non - government related (Note 25)	24,790	9,542
	<u>968,868</u>	<u>1,132,689</u>

	<b>31 December 2024 SR’000</b>	31 December 2023 SR’000
Current portion	235,672	234,832
Non-current portion	733,196	897,857
	<u>968,868</u>	<u>1,132,689</u>

(a) Movement in government related contract liabilities:

	<b>31 December 2024 SR’000</b>	31 December 2023 SR’000
Balance at the beginning of the year	1,123,147	1,294,584
Recognized during the year	(179,069)	(171,437)
	<u>944,078</u>	<u>1,123,147</u>

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**23. EMPLOYEES’ BENEFITS LIABILITIES**

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
Balance at the beginning of the year	145,143	175,337
Current service cost	19,846	23,221
Interest cost	6,127	5,931
Benefits paid	(24,891)	(50,578)
Re-measurement of defined benefits obligations	(16,518)	(4,353)
Curtailment gains –net	(5,504)	(4,415)
Balance at the end of the year	<u>124,203</u>	<u>145,143</u>

**Employees’ benefits liabilities**

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
Current service cost	19,846	23,221
Interest cost incurred	6,127	5,931
Curtailment gains –net	(5,504)	(4,415)
<b>Total employee benefit liabilities recognized in profit or loss</b>	<u>20,469</u>	<u>24,737</u>

Curtailment gains reflects the redundancies as a result of end of concession during last quarter of 2023 as detailed in Note 1 to the financial statements.

Gains on revaluation recognized in OCI:

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
<b>Gains on revaluation in defined benefit scheme:</b>		
Financial assumptions	(6,890)	3,481
Demographic assumptions	(1,518)	(8,245)
experience adjustments	(8,110)	411
<b>Total re-measurement recognized in OCI</b>	<u>(16,518)</u>	<u>(4,353)</u>

The re-measurement gains on defined benefit liabilities account appears in the statement of other comprehensive income is the amount of SR 17,216 (2023: 4,698) after adding / deducting the Group's share in the equity accounted investees which is as follows:

	<b>31 December 2024 <u>SR’000</u></b>	31 December 2023 <u>SR’000</u>
Groups share of gain	(16,518)	(4,353)
Share of gain of equity accounted investees in the re-measurement of end of service liability	(698)	(345)
<b>Total re-measurement recognized in OCI</b>	<u>(17,216)</u>	<u>(4,698)</u>

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**23. EMPLOYEES’ BENEFITS LIABILITIES (CONTINUED)**

The weighted average duration of the defined benefit obligation as at 31 December 2024 is 3.90 years (2023: 6.77 years). An analysis of the maturity of the undiscounted benefit payments is as follow:

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR’000</u></b>	<u>SR’000</u>
Within one year	32,342	27,013
After one year but not more than five years	55,524	52,281
More than five years	76,921	123,656
	<b><u>164,787</u></b>	<u>202,950</u>

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

<b>Key actuarial assumption</b>	<b>31 December 2024</b>	31 December 2023
Financial assumptions:		
- Discount rate - present value of the defined benefit obligation	5.10%	4.70%
- Future salary increases	4.80%	4.50%
- Withdrawal rate	High	Moderate
Demographic assumptions:		
- Retirement age	60 years	60 years
- Employee turnover rates:		
a. Service up to 6 years	30%	12%
b. Service from 7 to 25 years	11%	9%
c. Service more than 25 years	6%	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:

	<b>31 December 2024</b>	31 December 2023
	<b>Impact on defined benefit scheme</b>	Impact on defined benefit scheme
<b>Discount rate</b>		
Increase by 1%	6,416	9,691
Decrease by 1%	(4,554)	(10,046)
<b>Future salary increase</b>		
Increase by 1%	(4,856)	(10,253)
Decrease by 1%	6,792	10,056
<b>Withdrawal rate</b>		
Increase by 1%	1,689	2,552
Decrease by 1%	680	(1,729)
<b>Mortality rate</b>		
Increase by 1%	1,505	426
Decrease by 1%	893	513

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**24. LEASE LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
	<u>SR'000</u>	<u>SR'000</u>
Balance as at beginning of the year	41,739	83,031
Additions during the year	16,123	1,547
Transfer during the year	(1,400)	-
Disposal during the year	(3,557)	(27,336)
Paid during the year	(14,727)	(17,668)
Annual interest cost	2,079	2,165
Balance as at the end of the year	<u>40,257</u>	<u>41,739</u>

	<b>31 December 2024</b>	31 December 2023
	<u>SR'000</u>	<u>SR'000</u>
Current portion	13,181	11,391
Non-current portion	27,076	30,348
Total	<u>40,257</u>	<u>41,739</u>

<b>Future minimum lease payments 2024</b>	<b>Future</b>	<b>Interest</b>	<b>Present value</b>
	<b>lease</b>		<b>of the</b>
	<b>payments</b>		<b>minimum</b>
			<b>lease</b>
			<b>payments</b>
Within one year	15,372	1,736	13,636
Two to five years	24,005	3,678	20,327
Later than 5 years	7,024	730	6,294
<b>Total</b>	<u>46,401</u>	<u>6,144</u>	<u>40,257</u>

Future minimum lease payments 2023	Future	Interest	Present value
	lease		of the
	payments		minimum
			lease
			payments
Within one year	12,948	1,560	11,388
Two to five years	27,453	2,899	24,554
Later than five years	6,250	453	5,797
Total	<u>46,651</u>	<u>4,912</u>	<u>41,739</u>

**25. CONTRACT LIABILITIES OTHERS**

Following is the movement in the non-government related contract liabilities

	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<u>SR'000</u>	<u>SR'000</u>
Balance at the beginning of the year	9,542	9,932
Cash collected from customers	337,553	520,557
Revenue recognized during the year	(322,305)	(520,947)
	<u>24,790</u>	<u>9,542</u>

Revenue recognised during current year included contract liabilities pertaining to the prior year amounting to SR 9.5 million (2023: 9.9 million).

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**26. TRADE PAYABLES**

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
Trade payables	<b>61,447</b>	53,850
Contractors and agents deposits	<b>9,110</b>	7,872
	<b>70,557</b>	61,722

**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 companies 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 engage in transactions with one another in the normal course of business. The key transactions and balances between the Group and its related parties are outlined as follows:

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

	<b>Relationship</b>	<b>Nature of Transactions</b>	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
<b><u>Related party</u></b>				
Saudi Emirates Integrated Transport Limited Company (SEITCO)	Joint Venture	Finance income (note-35b)	<b>3,201</b>	2,295
		Services received	<b>(3,166)</b>	(139)
		Services rendered	<b>31,173</b>	11,616
Capital Metro Company Ltd (CAMCO)	Associate	Services rendered	<b>806</b>	806
RATP Development (French company)	Companies with significant influence over subsidiary	Services rendered	<b>8,055</b>	8,307
RATP Dev Saudi Arabia (LLC)	Companies with significant influence over subsidiary	Services rendered	<b>30,504</b>	40,499
NEX Continental Holdings	Companies with significant influence over subsidiary	Services rendered	<b>4,284</b>	-

**A- Due from related parties**

	<b>31 December 2024 SR'000</b>	31 December 2023 SR'000
<b><u>Non-current portion</u></b>		
Saudi Emirates Integrated Transport Limited Company*	<b>37,224</b>	39,023
<b><u>Current portion</u></b>		
Saudi Emirates Integrated Transport Limited Company**	<b>26,119</b>	39,849
Capital Metro Company Ltd (CAMCO)	<b>2,350</b>	1,545
Total current receivable	<b>28,469</b>	41,394
<b>Total due from related parties</b>	<b>65,693</b>	80,417

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**27. RELATED PARTIES (CONTINUED)****B- Due to related parties**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
<b><u>Current portion</u></b>		
RATP Development (French company)	2,747	5,634
RATP Dev Saudi Arabia (LLC)	14,012	7,618
NEX Continental Holdings	2,161	981
<b>Total due to related parties</b>	<b><u>18,920</u></b>	<u>14,233</u>

**The joint venture**

\* During 2014, the Company has funded the operating activities of SEITCO by an amount of SR 30 million. This amount is not subject to any interest and SR 20 million from the value of the loan has been repaid during prior years and management expects to recover the remaining amount of SR 10 million 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 loan has been recognized at the present value. Management expects to receive the remaining amount during 2025, 2026 and 2027.

\*\*In 2019, the Company sold 350 buses for a total of SR 33.6 million to Saudi Emirates Integrated Transport Limited Company (SEITCO). In 2024, the Company collected SR 27 million and expects to receive the remaining balance in 2025. Additionally, the current balance includes amounts related to technical services provided, as well as rental and employee expenses incurred on behalf of the joint venture.

The Group is a government related entity since Public Investment Fund (PIF), being the sovereign wealth fund of the Kingdom of Saudi Arabia has significant influence on the Group. The Group transacts business with related parties which include transactions with entities which are either controlled or jointly controlled by PIF. The Group has used the exemptions in respect of related party disclosures for government-related entities in IAS 24 "Related Party Disclosures"

The company during the year ended 31 December 2024 had recorded revenue by SR 877 million from government entities (2023: SR 670 million). As of 31 December 2024 receivables included SR 935 million from government entities (2023: SR 1,127 million).

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

**Transactions with key management personnel:**

	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Board expenses and allowances	5,393	4,913
Compensations of the key management personnel (*)	24,261	19,465

(\*) Compensations of the key management personnel:

	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Short-term employees' benefits	23,475	18,744
Long-term benefits	786	721
	<b><u>24,261</u></b>	<u>19,465</u>

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

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**28. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	<b>31 December 2024</b>	31 December 2023
	<b>SR'000</b>	<b>SR'000</b>
Accrued expenses	<b>105,424</b>	164,763
VAT payable	<b>90,534</b>	45,525
Employee accruals	<b>89,888</b>	94,350
Advance from customers	<b>2,206</b>	-
Dividends payable	<b>81,419</b>	81,564
Other payables	<b>31,168</b>	18,019
	<b><u>400,639</u></b>	<u>404,221</u>

**29. ZAKAT AND INCOME TAX**

**a. Zakat**

The Zakat charge for the year amounts to SR 7.4 million (31 December 2023: SR 9.4 million).

***Movement in Zakat Provision***

The movement in the provision for zakat is as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>SR'000</b>	<b>SR'000</b>
Balance at the beginning of the year	<b>15,552</b>	23,435
Reversal of zakat provision no longer required	-	(12,804)
Zakat provision for the year	<b>7,400</b>	9,443
Paid during the year	<b>(5,721)</b>	(4,522)
Balance at the end of the year (a)	<b><u>17,231</u></b>	<u>15,552</u>

Zakat is calculated based on the zakat base of the Company and its subsidiaries separately. The Company submitted zakat declarations until 2023 and obtained the necessary zakat certificates until April 2024.

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 parent Company's Zakat base is calculated as follows:

<b>Description</b>	<b>31 December 2024</b>	31 December 2023
	<b>SR'000</b>	<b>SR'000</b>
Share capital	<b>1,250,000</b>	1,250,000
Total adjusted loss	<b>18,795</b>	64,428
Provisions and reserves carried forward	<b>180,290</b>	226,030
Murabaha loans	<b>1,046,277</b>	1,054,431
Others	<b>650,706</b>	673,282
Total	<b><u>3,146,068</u></b>	<u>3,268,171</u>
Less:		
Property and equipment, net	<b>992,558</b>	1,049,625
Long term investments	<b>147,679</b>	22,472
Inventories of spare parts	<b>10,477</b>	60,444
Carried forward losses	<b>335,915</b>	358,611
Others	<b>1,363,439</b>	1,402,275
Zakat base	<b><u>296,000</u></b>	<u>374,744</u>
<b>Zakat payable</b>	<b><u>7,400</u></b>	<u>9,443</u>

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**29. ZAKAT AND INCOME TAX (CONTINUED)**

**b. Income tax**

***Movement of Provision for income tax***

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

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Balance at the beginning of the year	2,951	332
Charged during the year	6,766	3,053
Paid during the year	<u>(2,801)</u>	<u>(434)</u>
Balance at the end of the year (b)	<u>6,916</u>	<u>2,951</u>
Total Zakat and tax payable at the end of the year (a+b)	<u>24,147</u>	<u>18,503</u>

The subsidiary filed the Zakat and tax return to the Zakat, Tax and Customs Authority (“ZATCA”) up to the year 2023.

No Zakat assessment has yet been made by the ZATCA. However, SAPTCO has completed the primary assessment for 2021, 2022 and 2023 and provide all ZATCA requirements. For DMS Zakat assessment has been completed by the ZATCA up to 31 December 2023. For PTC ZATCA returns have been filed up to 2023 and awaiting confirmation of assessment by ZATCA. SAT will file their first return in the year 2025 corresponding to the period ended 31 December 2024.

Charged to statement of profit or loss is as follows:

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Zakat charged during the year	7,400	9,443
Income tax	6,766	3,053
Deferred tax payable from subsidiary	<u>(292)</u>	<u>(40)</u>
Expense charged to profit or loss	<u>13,874</u>	<u>12,456</u>

**c. Deferred tax assets**

**Deferred tax asset is recognized in respect of following**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
<b>Deductible temporary differences</b>		
Employee benefits	15,507	11,387
Tax depreciation	<u>(6,326)</u>	<u>(2,807)</u>
	<u>9,181</u>	<u>8,580</u>
<b>Foreign Shareholding – 20%</b>		
Accumulated losses	<u>3,176</u>	<u>1,716</u>
Total deductible differences	<u>635</u>	<u>343</u>

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
<b>Deferred tax movement</b>		
Balance at beginning of the year	343	303
Deferred tax credit	<u>292</u>	<u>40</u>
	<u>635</u>	<u>343</u>

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**30. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

**a. Contingent liabilities**

As at 31 December 2024, the Group’s bankers have issued on its behalf during the normal course of business guarantees, acceptances and documentary credit with a maximum of SR1,582 million (31 December 2023: SR 3,117 million). These include performance guarantees given on behalf of subsidiaries and associates.

**b. Capital commitments.**

As at 31 December 2024, the Group had commitment of SR 61.38 million (31 December 2023: 54.7) relating to the procurement of buses.

**31. REVENUES**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR’000</u></b>	<u>SR’000</u>
Revenues from concession arrangements for the King Abdul- Aziz Project for Public Transport in Riyadh		
- Bus operation	<b>522,188</b>	461,966
- Facility management	<b>56,387</b>	55,608
- Depot construction	-	2,617
- Traffic control centre	<b>28,137</b>	26,434
- Ridership incentive	<b>3,744</b>	-
Revenues from passenger transport	<b>199,139</b>	471,742
Revenues from specialized services	<b>453,748</b>	444,684
Revenue from Technical Services	<b>43,492</b>	6,800
Revenues from digital mobility solutions	<b>55,855</b>	25,826
Revenues from urban services	<b>96,947</b>	73,979
	<b><u>1,459,637</u></b>	<u>1,569,656</u>

**Geographical markets:**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR’000</u></b>	<u>SR’000</u>
Revenue from operations within Kingdom of Saudi Arabia	<b>1,455,021</b>	1,567,337
Revenues from international operations	<b>4,616</b>	2,319
	<b><u>1,459,637</u></b>	<u>1,569,656</u>

**Performance obligations**

Information about the Group’s performance obligations are summarized in Note 5.4 to the financial statement.

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**32. COST OF REVENUES**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
Salaries and other related expenses	396,821	510,653
Depreciation and amortization expenses	188,664	188,024
Outsource human capital services*	131,713	144,955
Bus repairs and maintenance	229,056	229,965
Advisory**	69,403	71,979
Visa and iqama fees	47,091	66,259
Property and Buses insurance expense	26,390	18,168
Rent***	14,068	16,144
Reversal of net realizable assessment of Inventory	(12,194)	(253)
Others	65,060	48,589
	<b><u>1,156,072</u></b>	<b><u>1,294,483</u></b>

\*: Represents outsourced drivers, cleaning, security and technical staff cost.

\*\* : This encompasses the technical and operational advisory services provided for the operations of the King Abdulaziz Project by PTC.

\*\*\*: Rents includes short term low value rental contracts including buildings, apartment and busses.

**33. SELLING AND DISTRIBUTION EXPENSES**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
Local agents' commissions	5,998	26,747
Advertisements	3,390	2,615
International agents' commissions	3,358	644
Advertisement and promotion	3,241	6,347
	<b><u>15,987</u></b>	<b><u>36,353</u></b>

**34. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
Salaries and other related expenses	80,288	78,764
Depreciation and amortization expenses	11,741	8,618
Management consulting expenses	8,498	14,909
Outsource human capital services	6,158	5,171
Visa and iqama fees	5,918	2,035
Telephone and internet expenses	4,172	2,316
Remunerations, expenses and allowances of the Board of Directors and sub-committees (note 27)	5,393	4,913
Rent*	2,195	503
Property insurance expense	2,092	2,829
Repairs and maintenance expenses	1,365	302
IT services expenses	671	5,744
Guarantee fees	5,442	4,141
Others	8,028	11,142
	<b><u>141,961</u></b>	<b><u>141,387</u></b>

\*: Rents includes short term low value rental contracts including buildings, and apartment.

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**35 FINANCE COSTS AND INCOME**

**a) Finance cost**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Interest on loans and borrowings	95,951	82,331
Interest on employees defined benefit obligation	6,127	5,931
Fair value loss on derivative instruments	5,829	-
Interest on profit rate SWAP agreements	5,212	1,611
Interest on lease liabilities	2,079	2,165
	<u>115,198</u>	<u>92,038</u>

**b) Finance income**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Interest income on profit rate SWAP agreements	8,616	1,666
Income from short term Murabaha deposits	5,214	3,411
Fair value gain on derivative instruments	376	4,752
Interest income on Loan related parties	3,201	2,295
	<u>17,407</u>	<u>12,124</u>

**36. ASSETS HELD FOR SALE**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Total assets held recognized in financial position	<u>14,177</u>	<u>39,300</u>
		31
	<b>31 December 2024 <u>SR'000</u></b>	December 2023 <u>SR'000</u>
Total Reversal/ (impairment) of impairment on assets held for sale recognized in profit or loss	<u>2,959</u>	<u>(17,309)</u>

\*During the year ended 31 December 2024, the Group's management according to the minutes of the Board of Directors meeting No. 373 dated May 19, 2024, decided to sell some of its buses that are used in passenger transportation operations. However, conditions to classify those busses as held for sale was met year end hence, such buses have been reclassified as assets held for sale. The measurement process resulted in losses of SR 3.8 million (2023: SR 17.3 million), which represents the difference in the fair value less cost to sell amounting to SR 5.4 against a net book value of SR 9.2 million (2023: 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.

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**36. ASSETS HELD FOR SALE (CONTINUED)**

\*\*During 2023, the Group's management as per the minutes of the Board of Directors meeting No. 370 dated September 14, 2023, and Board of Directors meeting No.371 dated December 11, 2023 decided to sell some of its buses that are used in passenger transportation. 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. In 2024, the Group sold a portion of the buses that were classified as held for sale in 2023 for SR 37 million, with a net book value of SR 27 million. This transaction led to a reversal of an impairment loss on non-current assets held for sale amounting to approximately SR 9.9 million. In 2025 Company has signed a contract and is in the process of disposing remaining busses with estimated loss of SR 3.2 million.

**37. OTHER INCOME**

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Rental income	5,876	6,205
Gains on sale of property, busses and equipment	3,897	305
Suppliers' penalties	127	8,645
Gains on scrape	-	648
Reversal of Zakat provision	-	12,804
Others	<u>7,977</u>	<u>8,140</u>
	<u><b>17,877</b></u>	<u><b>36,747</b></u>

The other income has been presented within the operating income as the activities are driven from the Company's main business activity.

**38. LOSS PER SHARE**

Basic earnings/loss per share (BEPS) is determined by dividing the income for the year attributable to the parent company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year. Additionally, since there are no dilutive potential ordinary shares, the diluted earnings/loss per share (DEPS) is the same as the basic earnings/loss per share (BEPS).

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

	<b>2024</b>	2023
	<b><u>SR'000</u></b>	<u>SR'000</u>
Loss attributable to ordinary shareholders of the parent company for basic loss.	<b>(9,628)</b>	(35,584)
	<b>2024</b>	2023
	<b>000</b>	000
Weighted average number of ordinary shares for basic loss per share	<b>125,000</b>	125,000
	<b>2024</b>	2023
	<b>SR</b>	SR
Basic and diluted loss per share	<b>(0.08)</b>	(0.28)

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**39. 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 2024 (SR'000)			31 December 2023 (SR'000)		
	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
<b>Financial assets not measured at fair value</b>						
Trade receivables	405,476	-	405,476	423,397	-	423,397
Due from related parties	65,693	-	65,693	80,417	-	80,417
Cash and cash equivalents	549,743	-	549,743	434,248	-	434,248
Unbilled receivables	679,081	-	679,081	848,762	-	848,762
Other Receivable	28,350	-	28,350	25,173	-	25,173
	<u>1,728,343</u>	<u>-</u>	<u>1,728,343</u>	<u>1,811,997</u>	<u>-</u>	<u>1,811,997</u>
<b>Financial liabilities not measured at fair value</b>						
Murabaha financing	-	1,250,891	1,250,891	-	1,296,277	1,296,277
Amounts due to related parties	-	18,920	18,920	-	14,233	14,233
Trade payables	-	70,557	70,557	-	61,722	61,722
Accrued expenses and other current liabilities	-	400,639	400,639	-	404,221	404,221
Lease liabilities	-	40,257	40,257	-	41,739	41,739
	<u>-</u>	<u>1,781,264</u>	<u>1,781,264</u>	<u>-</u>	<u>1,818,192</u>	<u>1,818,192</u>

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**39. FINANCIAL INSTRUMENTS (CONTINUED)**

**B. Financial instrument measured at fair value**

The following table shows the carrying amount and fair value of financial assets, including their level in the fair value hierarchy (2024: Nil).

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

**C. Derivatives financial instruments**

As at 31 December 2024, the Group enter into agreements with local banks for Interest Rate Swaps (“IRS”) and callable range Swaps of a notional value of SR 1,581 million (2023: interest rate Swaps SR 355 million) in order to reduce its exposure to interest rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as positive fair value and their fair value hierarchy.

<b>Notional amount (SR'000)</b>	<b>Derivative instrument</b>	<b>Valuation technique</b>	<b>Fair Value</b>	<b>31 December 2024 (SR'000)</b>	<b>31 December 2023 (SR'000)</b>
<b>195,950</b>	Interest rate SWAP – SAPTCO Contract 1	Level 2	Negative	<b>(302)</b>	1,273
<b>159,850</b>	Interest rate SWAP – SAPTCO Contract 2	Level 2	Positive	<b>1,069</b>	3,480
<b>62,901</b>	Interest rate SWAP – SAPTCO Contract 1	Level 2	Positive	<b>569</b>	-
<b>500,000</b>	Callable Range Accrual Swap agreement – PTC	Level 2	Negative	<b>(2,574)</b>	-
<b>472,000</b>	Profit Swap agreement - PTC	Level 2	Negative	<b>(2,327)</b>	-
<b>100,000</b>	Callable Range Accrual Swap agreement – SAT	Level 2	Positive	<b>376</b>	-
<b>90,000</b>	Profit Swap agreement - SAT	Level 2	Negative	<b>(929)</b>	-
<b>1,580,701</b>				<b>(4,118)</b>	4,753

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**40. NON-CONTROLLING INTERESTS IN THE SUBSIDIARIES**

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

	<b>31 December 2024</b>		
	<b>SR'000 (RATP)</b>	<b>SR'000 (NEX)</b>	<b>SR'000 Total</b>
Non-controlling interests percentage	20%	15%	
Assets			
Current assets	1,115,147	29,627	1,144,774
Non-current assets	605,795	108,293	714,088
<b>Total assets</b>	<b>1,720,942</b>	<b>137,920</b>	<b>1,858,862</b>
Liabilities			
Current liabilities	492,398	55,330	547,728
Non-current liabilities	1,073,001	65,945	1,138,946
<b>Total liabilities</b>	<b>1,565,399</b>	<b>121,275</b>	<b>1,686,674</b>
Revenues	610,456	163,417	773,873
Profit	141,290	6,746	148,036
Total comprehensive income	140,286	6,372	146,658
Cash flow generated from / (used in) from:			
Operating activities	273,950	49,970	323,920
Investing activities	(10,805)	(23,043)	(33,848)
Financing activities	(202,368)	(21,972)	(224,340)
Net increase in cash and cash equivalents	60,777	4,955	65,732
Share of non-controlling interests in net assets/(liabilities)	27,112	2,330	29,442
Share of non-controlling interests in net profit	23,732	1,012	24,744

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**40. NON-CONTROLLING INTERESTS IN THE SUBSIDIARIES (CONTINUED)**

	<b>31 December 2023</b>		<b>SR'000 Total</b>
	<b>SR'000 (RATP) 20%</b>	<b>SR'000 (NEX) 15%</b>	
Non-controlling interests percentage			
<b>Assets</b>			
Current assets	1,245,478	31,868	1,277,346
Non-current assets	601,840	93,037	694,877
<b>Total assets</b>	<u>1,847,318</u>	<u>124,905</u>	<u>1,972,223</u>
<b>Liabilities</b>			
Current liabilities	470,695	42,071	512,766
Non-current liabilities	1,352,335	72,470	1,424,805
<b>Total liabilities</b>	<u>1,823,030</u>	<u>114,541</u>	<u>1,937,571</u>
Revenues	<u>546,625</u>	<u>29,851</u>	<u>576,476</u>
Profit	<u>79,680</u>	<u>364</u>	<u>80,044</u>
Total comprehensive income	<u>80,247</u>	<u>364</u>	<u>80,611</u>
Cash flow generated from / (used in) from:			
Operating activities	203,970	14,587	218,557
Investing activities	(4,159)	(96,527)	(100,686)
Financing activities	(731,786)	100,000	(631,786)
Net (decrease)/ (increase) in cash and cash equivalents	<u>(531,975)</u>	<u>18,060</u>	<u>(513,915)</u>
Share of non-controlling interests in net assets/(liabilities)	<u>6,050</u>	<u>1,555</u>	<u>7,605</u>
Share of non-controlling interests in net profit	<u>11,353</u>	<u>54</u>	<u>11,407</u>

**41. 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, and fair value risk. The Group's risk management focuses on the predictability of financial markets in order 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.

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

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**41. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

	Carrying amount	Less than one year	1-5 years	Total
<b><i>Financial liabilities as of 31 December 2024</i></b>				
Trade payables	70,557	70,557	-	70,557
Accrued expenses and other current liabilities	310,105	310,105	-	310,105
Murabaha financing	895,129	255,112	683,957	939,069
Short-term Murabaha financing	355,762	359,558	-	359,558
Due to related parties	18,920	18,920	-	18,920
Lease liabilities	40,257	15,373	31,028	46,401
	<b>1,690,730</b>	<b>1,029,625</b>	<b>714,985</b>	<b>1,744,610</b>

	Carrying amount	Less than one year	1-5 years	Total
<b><i>Financial liabilities as of 31 December 2023</i></b>				
Trade payables	61,722	61,722	-	61,722
Accrued expenses and other current liabilities	358,696	358,696	-	358,696
Murabaha financing	1,144,431	344,552	945,487	1,290,039
Short-term Murabaha financing	151,846	155,642	-	155,642
Due to related parties	14,233	14,233	-	14,233
Lease liabilities	41,739	12,948	33,701	46,649
	<b>1,772,667</b>	<b>947,793</b>	<b>979,188</b>	<b>1,926,981</b>

***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 2024 and 31 December 2023. 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 and callable accrual 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 and callable SWAPs:

	<b>31 December 2024</b>	31 December 2023
	<b><u>SR'000</u></b>	<b><u>SR '000</u></b>
<b>Floating rate debt</b>		
SAIBOR +100bps	<b>(3,534)</b>	(4,154)
SAIBOR -100bps	<b>3,534</b>	4,154

# SAUDI PUBLIC TRANSPORT COMPANY AND ITS SUBSIDIARIES

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### 41. 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.

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. During the year, the company sold its portfolio of equity instruments.

#### *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.

The following is an analysis of information about credit risk exposure on the Group's trade receivables, related party balances and unbilled receivables using the provision matrix:

	31 December 2024			
	Trade receivables			
	Total	Less than 90 days	90 days to 1 year	More than one year
	SR'000	SR'000	SR'000	SR'000
Trade receivables	370,427	185,211	51,717	133,499
Related party balances	35,049	15,025	2,452	17,572
Unbilled receivables	679,081	679,081	-	-
Total	1,084,557	879,317	54,169	151,071
Expected credit loss as at 31 December 2024	73,713	2,511	4,131	67,071
Weighted average loss rate		0.3%	7.6%	44.4%
Credit impaired		No	No	Yes

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**41. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

*Credit Risk (continued)*

	31 December 2023			
	Trade receivables			
	Total	Less than 90 days	90 days to 1 year	More than one years
	SR'000	SR'000	SR'000	SR'000
Carrying amount of trade receivables				
Trade receivables	405,824	211,567	49,182	145,075
Related party balances	17,573	1,029	994	15,550
Unbilled receivables	848,762	848,762	-	-
Total	1,272,159	1,061,358	50,176	160,625
Expected credit loss as at 31 December 2023	62,042	1,626	6,934	53,482
Weighted average loss rate		0.2%	13.8%	33.3%
Credit impaired		No	No	Yes

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 simplified approach calculation. The Group evaluated the risk with respect to unbilled receivables as low, as this balance pertain to Government authority.

*Due from related parties*

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

*Cash and cash equivalents*

As at 31 December 2024, the Company held cash and cash equivalent of SR 549,743 (2023: SR 434,248). Cash and cash equivalents are held with banks and financial institutions having sound credit ratings range from A3 and above. The Company regularly updates its cash flows. Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers using internal and external rating criteria. Outstanding customer receivables are monitored regularly.

*Guarantees*

The Group policy is to provide financial guarantees only for subsidiaries and associates at 31 December 2024 and 2023, the company has issued performance guarantees on behalf of subsidiaries and associates.

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### 41. 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, and short-term deposits.

	<b>31 December 2024 <u>SR'000</u></b>	31 December 2023 <u>SR'000</u>
Long-term and short-term Murabaha loans	<b>1,250,891</b>	1,296,277
Accounts payable, accrued expenses and other liabilities	<b>471,196</b>	465,943
Less: cash and cash equivalents	<b>(549,743)</b>	(434,248)
Net debt	<b>1,172,344</b>	1,327,972
Equity	<b>951,323</b>	921,690
Share capital and net debt	<b>2,123,667</b>	2,249,662
Debt ratio	<b>55%</b>	59%

No changes were made in the Group's objectives, policies or processes during the year ended 31 December 2024 and 2023. The Group has no externally imposed capital requirements as at 31 December 2024 and 2023.

### 42. DIVIDENDS

PTC Company has passed a resolution dated 5 Shawwal 1445H (corresponding to 14 April 2024) to declare and pay dividends of SR 9.03 million and the non-controlling interest portion was SR 2.7 million (31 December 2023: nil).

### 43. SUBSEQUENT EVENTS

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

### 44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 17 Ramadan 1446 H (corresponding to 17 March 2025).