

SASCO

**Leadership
and
Innovation**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al-Saud



His Royal Highness the Crown Prince and Prime Minister
Mohammad Bin Salman Bin Abdulaziz Al-Saud

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ساسكو
SASCO



01: Overview .. Our Theme "Leadership and Innovation"

Brief Highlights

- Highlights of Operational Results
- Highlights of Financial Results
- Milestones in SASCO History
- Main Achievements in 2023
- Awards and Certificates
- Company's Core Strengths

Annual Report 2023

Company Profile

- Our Business
- Our Values
- Our Services
- Our Partners
- Our Payment Solutions
- Automation of Fuel Tanks and Dispensers
- Payment Systems through Control Program
- Subsidiaries
- Geographical Scope
- Our Presence

Theme of the Year

Engagement of Stakeholders

Investment Advantages

Shareholders' Data



Brief Highlights

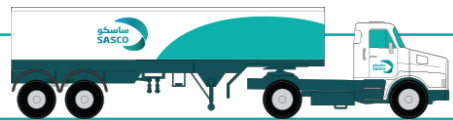
Highlights of Operational Results

Stations



- 2023: **540** Gas Stations (SASCO & Naft) (Including 3 movable stations)
- 2022 : **500** Stations
- With an increase of **40** new stations, i.e., **133.3%** of the target of **30** stations

Fleet



Trucks

- 2023: **225** Trucks
- 2022 : **209** Trucks
- With an increase of **23** new trucks, i.e., **77%** of the target of **30** trucks
- Sale and depreciation of a total of **7** trucks

Trailers

- 2023: **249** Trailers
- 2022 : **212** Trailers
- With an increase of **39** new trailers, i.e., **95%** of the target of **41** trailers
- Sale and depreciation of a total of **2** trailers

SASCO Palm



- 2023: **120** SASCO Palm locations, in addition to **8** Wayne's Coffee Locations
- 2022 : **91** locations
- With an increase of **38** new branches, i.e., **95%** of the target of **40** branches **(Exist from one of the stations)**

Sales in Liters



- 2023: **3.95** billion Liter of gasoline, **1.31** billion Liter of diesel.
- 2022 : **3.47** billion liters of gasoline, and **1.02** billion liters of diesel
- With an increase of **479.40** million liters of gasoline, and **288.65** million liters of diesel.

Our Employees



- 2023: **3,717** employees
- 2022 : **3,373** employees
- With an increase of **344** employees/an increase of **10.2%**.

Revenues



- 2023: SAR **9.11** billion
- 2022: SAR **7.85** billion
- With an increase of SAR **1.26** billion and an increase of **16.06%** **(Highest revenue in the Company history)**

Gross Profit

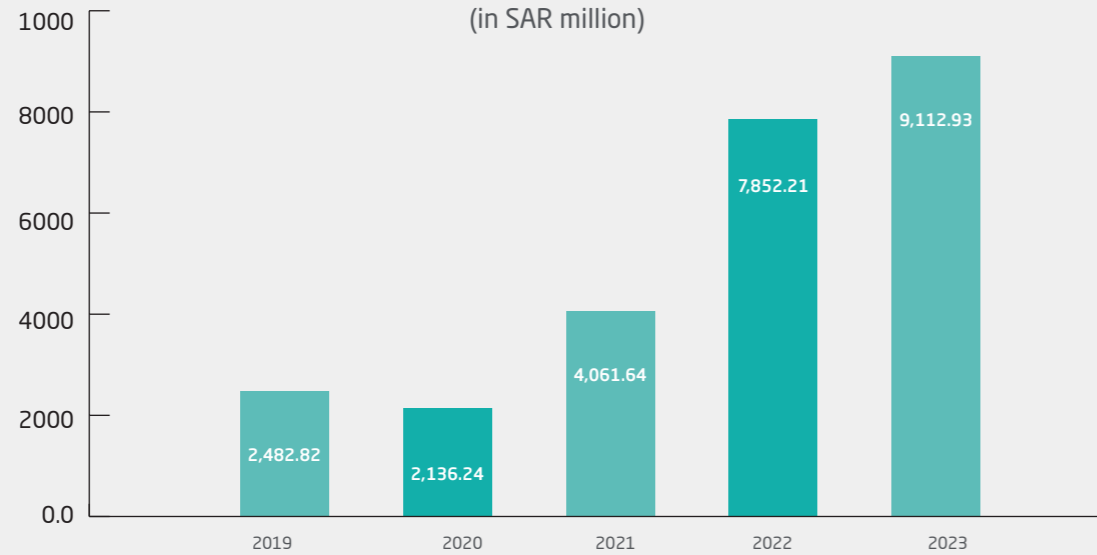


- 2023: SAR **292.66** million
- 2022: SAR **258.75** million
- With an increase of SAR **33.91** million and an increase of **13.11%** **(Highest gross profit in the Company history)**

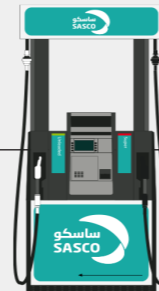
Highlights of Financial Results

Revenues

(in SAR million)

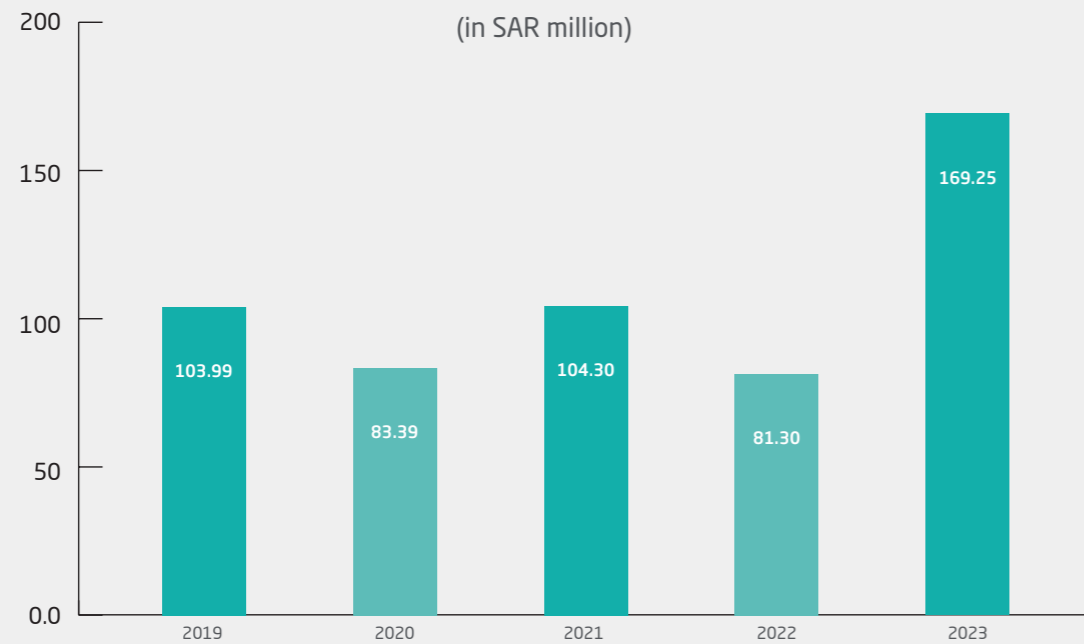


Increased to 16.06% in 2023 (Y-O-Y), reaching to the highest level in the Company history



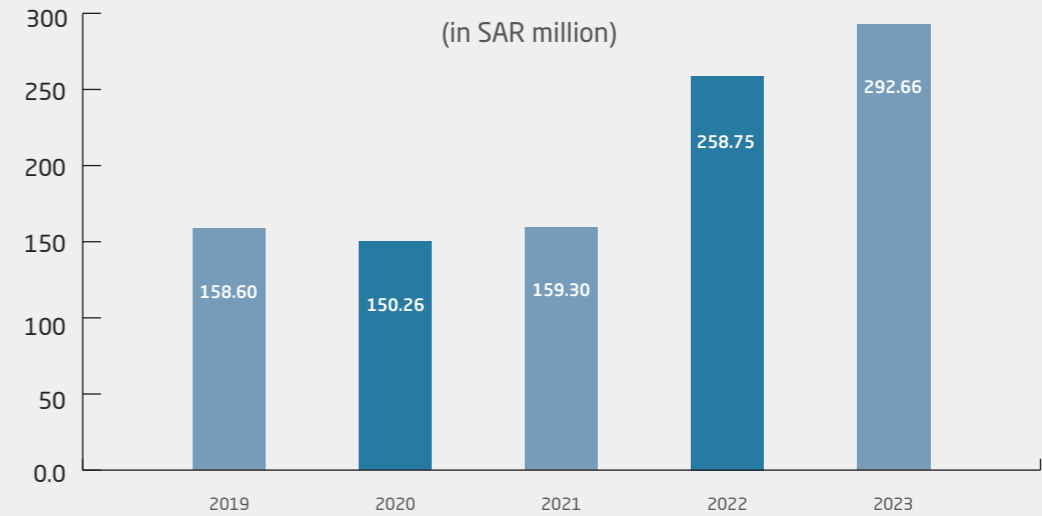
Operating profit

(in SAR million)



Gross profit

(in SAR million)

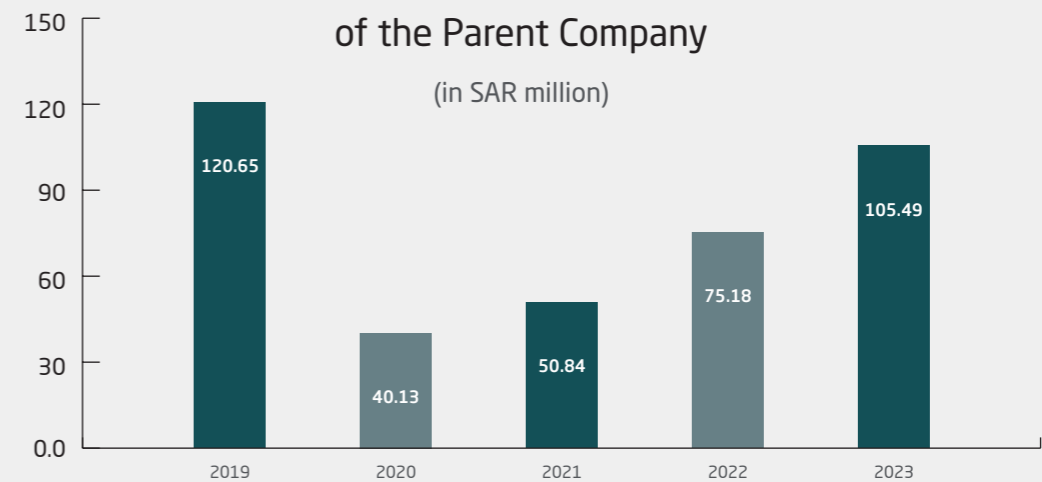


Increased to 13.11% in 2023 (Y-O-Y), reaching to the highest level in the Company history



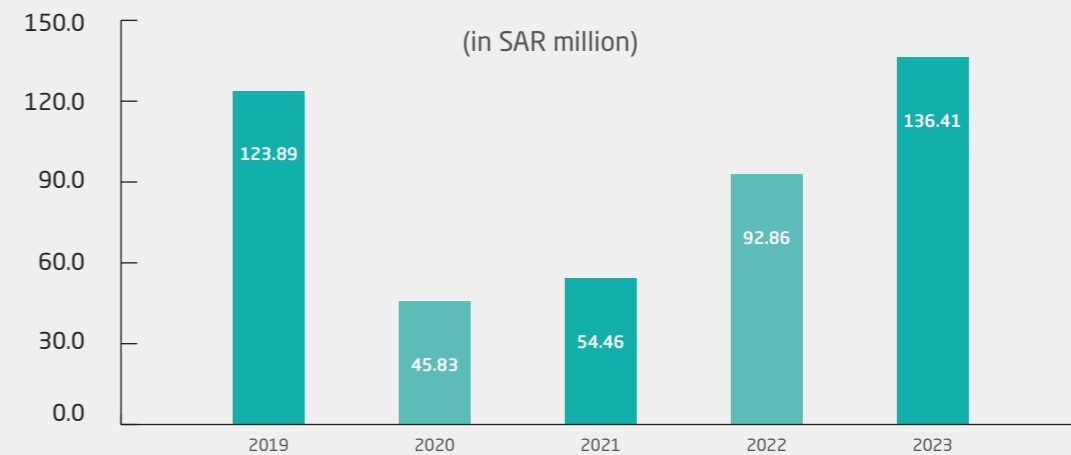
Net Profit Attributable to Shareholders of the Parent Company

(in SAR million)

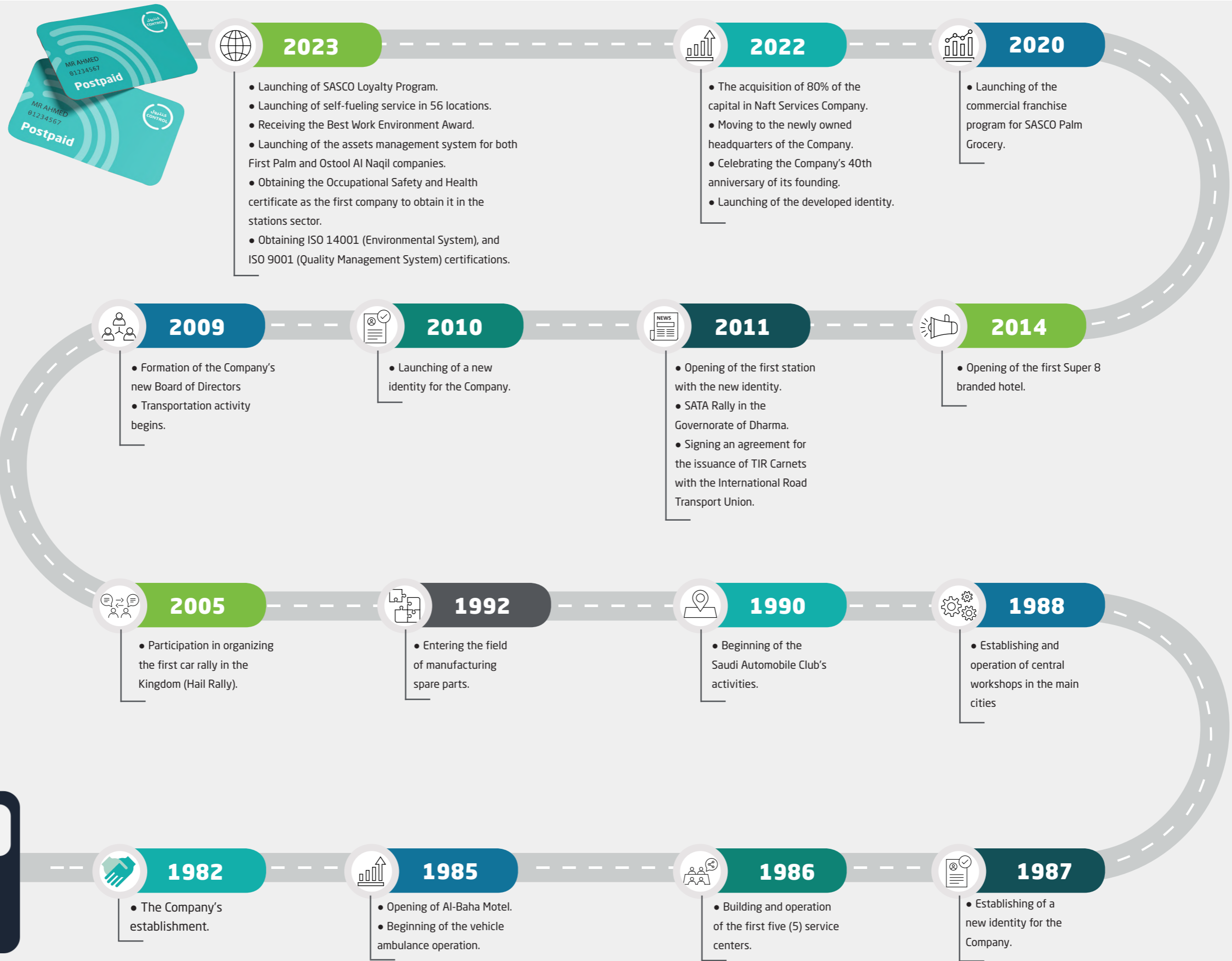


Profits before zakat

(in SAR million)



Milestones in SASCO History



Main Achievements in 2023



SASCO Application:

SASCO Application has been activated, and now accounts for 1% of the Company's sales during December 2023.



Equipping mobile stations with the latest specifications:

A number of stations have been equipped and put into operation during the year 2023:

- A station at Yacht Club.
- A station at the Camel Club.
- A station on Halat Ammar Road.
- Temporary stations during the development of station 154.

Electric Charging Devices:

A number of electric chargers have been prepared and installed, and a contract has been signed for more:

- The car showroom charger has been prepared.
- Two chargers were installed in the main building.
- A contract has been signed to supply a number of fast chargers for installation in a number of stations during the year 2024.

Human Resources and Administrative Affairs:

Social Responsibility

- Coordinating with a number of universities to launch contests and honor their winners, within the framework of its objectives to enable university students, qualify them for the labor market and provide them with experience.
- Academic scholarships for the needy and affording them tuition fees until graduation in the field of cybersecurity while providing work opportunities on the program of SASCO leaders upon graduation.
- Qualifying university students for the labor market by holding contests for university students through which the Company

challenges are presented so that contestants would submit their studies and ideas, then the winners shall be rewarded and job opportunities are offered on the program of SASCO leaders for the most creative ideas.

- Obtaining a certificate of conformity for preparing the spatial environment for people with special needs, which shall positively reflect on Saudization and other considerations
- Automating all digital services and launch a QR code for HR services.

People and Culture

- Launching SASCO Academy, as the program aims at enhancing education and developing skills in innovative and efficient ways. The Academy provides a wide range of courses based on the latest technologies and best practices to provide a supporting and motivating work environment to each employee seeking to enhance his/her skills and to make the best use of his/her potentials.

Work Environment Development

- Obtaining the best work environment award.
- Obtaining the ISO certificates for the quality management system, environmental management system and occupational health and safety management system.
- Continuing to lead the sector as the best rated, according to the evaluation of the Ministry of Human Resources in the gas station activity.

Marketing:

Expansion and Growth

- Enhancing and developing customer service and its platforms.

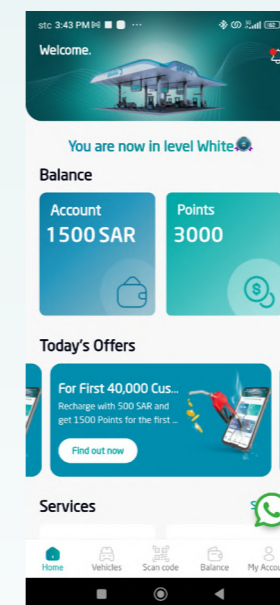
Work Environment Development

- Activating internal communication messages.

Digital Transformation:

- Automating 292 Stations, compared to less than 54 stations in 2022.
- Automating customer service tickets system and internal system.
- Enhancing and developing the company's cyber and information security.
- Launching the assets management system for both Ostool Al Naqil Company and First Palm Company.
- Launching the self-fueling service in 56 locations.
- Automating all car washing "Auto Spa" locations.
- Launching "SASCO Loyalty" program.

Explanation: Automation services of gas stations indicates the use of technology for enhancing and facilitating the operation and management of stations. This service might include a number of integrated and automated operations that enhance the operational efficiency, and thus provide better customer experience. In general, depending on technology for the automation of gas stations shall allow companies to operate more efficiently and to provide better customer experience.



A unique program in the field of fuel retail.

The program includes each of the following:

- 1 E-Wallet
- 2 GPS system for locating nearby stations for customers.
- 3 Points and Rewards
- 4 Detailed Consumer Reports.

Al-Nakhla Al-Oula Contracting Co. (First Palm)



Business Development

Sustainability and Green Energy:

- Expanding the network of e-charging site locations and installing e-chargers for vehicles in the main building.

Enhancing Customer Service (Internal Business):

- The increase in the percentage of closed maintenance request tickets from 94% to 96%.

SASCO Palm Co.



Expansion and Growth

- Increase in the number of branches to 128 (120 branches in addition to 8 Wayne's Coffee branches).
- High sales of electronic chips, expansion of the electronic market.

Business Development

- Sales, sales volume, number of customers, and labor productivity are all higher than in 2022.



The Saudi Automobile and Touring Association (SATA)



Business Development

- The issuance of Triptek booklets has been resumed in the Republic of Yemen since 2023.

Expansion and Growth

- Opening and operating the customs clearance office at Al Batha port at the UAE borders with 6 employees and an operational capacity of 11 transactions per day, expected to rise to 14 transactions.
- Ever since its opening, the office completed 2521 customs clearance transactions, which are expected to rise to 4000 transactions.

Ostool Al Naqil Co.



Expansion and Growth

- Expansion of the current fleet to 225 trucks and 249 trailers.

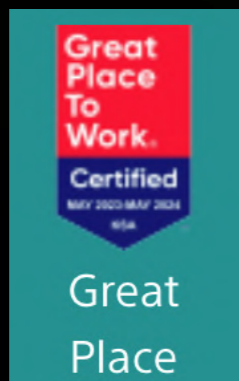
Business Development

- Transforming Ostool Al Naqil from a limited liability company to a joint stock company.
- In coordination with the Saudi Automobile Club, a qualification file has been submitted to the Ministry of Energy regarding the transport of gas from the Gas Company to the distribution outlets in Riyadh region.

Awards and Certificates

Obtaining the occupational health and safety certificate as the first company to obtain this certificate in stations sector

Obtaining



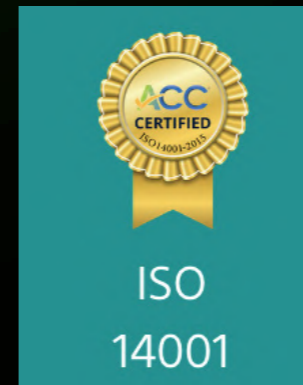
Best Work Environment Award

ISO



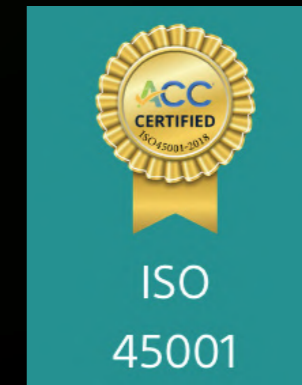
9001
(Quality Management System) (QMS)

ISO



14001
(Environmental Management System) (EMS)

ISO



45001
(Occupational Health and Safety Management System) (OHSMS)



Company's Core Strengths



• The first company qualified for the management and operation of gas stations on highways, and a pioneer in creating a new and developed payment solution in the name of "Control". It is the smart top-of-the-notch solution to fill in gasoline in SASCO stations without using cash and credit cards, in addition to being a pioneer in the operation of mobile stations.



• SASCO Stations and Retail outlets are franchised to third parties to operate under the SASCO brand.



• The Company operates efficiently and in a highly stable manner, according to its financial statements, which highlights the Company's ability to manage its business.



• Following the acquisition of the Saudi Naft, and the expansions that the Company has made over the last few years, the number of the Company stations, fleets and locations has doubled, and thus the Company has become extremely liquid with extremely increasing daily cash flows.



• Following the acquisition of Naft, the Company holds about 5% market share across the Kingdom.

The first application for gas stations in the Kingdom to grant customers points on fueling.



The first company qualified for the management and operation of gas stations on highways.



The first company to create smart and developed payment solutions to fill in gasoline from SASCO stations without using cash or credit cards.



For the first time in the sector of gas stations in the Kingdom, SASCO has launched a franchise project by virtue of a contract with one of the biggest franchise firms Francorp.



• A unique mix of subsidiary companies to complement the overall service offering, including fuel stations, retail outlets, hospitality services, transport services, logistics and supply chain, investments, contracting and real estate, that has existed all over the areas of the Kingdom for more than (40) years.



• The Company has a specialized quality control department, qualified cadres, and special operational efficiency in addition to the applicable automation system.



• SASCO holds a number of strategic partnerships with unique companies, in addition to a large base of strategic clients.



• The Company's good financial solvency has promoted its relations with banks, which has positively reflected on the Company's activities allowing it to participate in tenders and bidding for a number of projects.



• The Company is committed to consistently paying in line with Company performance and policies.



Annual Report 2023

This Report traces the performance of SASCO in the first year of its fifth decade and highlights all the Company's achievements at the technical level in terms of business automation during the year. The Report further addresses the achievements of the Company's subsidiaries regarding the operational activities and features the awards and certificates the Company has obtained, its compliance with the environmental and social aspects and its governance and sustainability achievements, which earned the Company its leading position in its field of business.

Scope of Report

The Report includes the activities of SASCO and its subsidiaries, unless otherwise stated, and includes the financial statements.

Compliance

The Group's consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) approved in Saudi Arabia and other standards and versions approved by the Saudi Organization for Certified Public Accountants (SOCPA), the provisions of the Companies Law in the Kingdom and the Company's Articles of Association.

Period Covered by the Report

This Report covers the period extending from January 1 until December 31, 2023G, according annual financial reporting cycle, and the methodology for classification of information applicable to the previous reports. No substantial changes have been made compared to the previous reporting periods in terms of scope and coverage, with some exceptions in the method of displaying information. This Report has been executed in both Arabic and English. In case of any conflict between both versions, the Arabic version shall prevail.

Company Profile

Our Business

SASCO is a Saudi joint stock company established by virtue of the ministerial resolution No. 563, dated 23/12/1402H, corresponding to 12/10/1982G, whose main activity is the possession of vehicles and travelers service centers, rest houses, motels and restaurants, fuel transportation and sale, import and sale of equipment, home supplies, drinks, refreshments on highways, as well as first-aid and modern maintenance services, import and sale of operational and reconstruction materials, purchase and rental of real estate, the operation of a vehicle club that issues international driving licenses and Customs Transit books (Triptek).








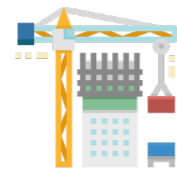
Our Values

SASCO aims to offer its customers with world-class domestic and international services, in a way that would guarantee customer satisfaction, emphasizing the importance of delivering exceptional added value.








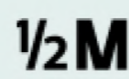














Mission: To provide a range of integrated services to motorists and travelers inside and outside cities to ensure customer satisfaction and emphasize added value.

Vision: To become the leading company in terms of quality of service and integration, and an example in the field of automotive and equipment services, stations, rest houses, and motel management on the highways of the Kingdom of Saudi Arabia.

Our Services

 Gas Stations	 Transportation	 Convenience Store
 Real Estate Leasing	 Hospitality	 IDPs CPDs TIR
 Car Washes	 Construction	

Our Partners

Our Payment Solutions



Payment Systems through Control Program

RFID Chips Service: Our customers can use RFID chips that work through frequency waves. It is a system that helps to fill in gasoline without using cash and credit cards.

Pre-Paid Control Cards: They are designed to enhance our customers' experience in SASCO stations, and to provide multiple payment options in case of cash shortage while filling. These cards are rechargeable through the Company's headquarters or through SASCO stations when the balance runs out.

Post-Paid Control Cards: Especially designed to enable business owners' best control the invoices and fuel costs for their employees' vehicles, and to determine the number of fuel liters in each card, with a possibility to recharge when the balance runs out. The said cards also enable business owners to regularly monitor and manage expenditures in detail actively through the website.

Automation of Fuel Tanks and Dispensers

- Automating the fuel transport for tanks and monitoring fuel, starting from fleet logistics to fuel unloading and customer service.
- The automation process enables online monitoring and control of fuel consumption and distribution across all stations.
- Automating the payment and fueling process using digital payment, which will also allow controlling how much fuel is being used in tanks and providing fuel to consumers.
- All tank, dispenser, client vehicle, pricing control and gasoline stock transactions are tracked by a single data gathering point.
- SASCO pioneered the use of smart cards and RFID, enabling automatic vehicle identification for fleet service providers, fueling alternatives, and transportation firms. Both approaches allow digitalizing fueling and controlling payment processes.
- We have developed intelligent, self-service fuel stations that feature exceptional quality and innovative design.



Subsidiaries



Palm



The Company provides supply services through SASCOCO Palm logistics, with 128 SASCOCO Palm branches by the end of the year across the Kingdom.

SASCOCO Franchise



- SASCOCO is the first company to launch the franchise project.
- SASCOCO has concluded agreements with leading commercial franchising companies.
- SASCOCO has established SASCOCO Franchise Company to carry out this role.
- SASCOCO managed to register its identity and design as an intellectual property.
- The project aims to grant franchises for both brands; SASCOCO Stations and SASCOCO Palm.

The services provided by Ostool Al Naqil:



شركة أسطول النقل
OSTOOL ALNAQIL CO.

- Fuel transportation of all kinds.
- Cargo transportation.
- Water transportation services.
- No. of trucks: 225
- No. of trailers: 249

Vehicles and Equipment Investments

It was established to manage the Company's investments independently and impartially, and its services include:

- Establishing and owning stakes and shares in subsidiaries and affiliate companies.
- Owning land, real estate and constructing buildings thereon for the purpose of operation, sale or lease.



إستثمارات السيارات والمعدات



SATA



SASCOCO has been a member in the Federation Internationale de l'Automobile (FIA) since 1982G.

TIR: It is an international customs document used to cover the temporary admission of motor vehicles.

IDPs: The international driving permit (IDP) is an official document that allows its holder to drive outside the driver's residence country and is issued based on holding the local driving permit.

TripTik: It is an international customs document which covers the temporary admission of motor vehicles, issued by the Alliance Internationale de Tourism and the

Federation Internationale de l'Automobile (AIT/FIA) in accordance with the provisions of the UN customs and conventions on the temporary importation of motor vehicles of 1954G and 1956G.

The use of CPD (Trip Ticket) allows temporary admission without payment of customs duty to the vehicles registered in Saudi Arabia when travelling to other countries for a temporary period, subject to the re-exportation of the vehicle from the visited country at the end of the period. (Not required for entry into the GCC countries.) SATA, an FIA member since 1982G, is authorized to issue TripTik internationally approved by AIT/FIA.

Vehicles Registered in the Kingdom and Benefiting from TripTik:

- Private vehicles registered under personal name.
- Vehicles for diplomatic missions.
- Private vehicles registered under a company name.
- Heavy vehicles (Buses and trucks).

A Member of the International Road Transport Union since 2012:

- Managing admission in the TIR system through digital platforms.
- Training and technical support for companies accepted in the TIR system
- Submitting qualified vehicles to the General Authority of Customs, according to the specification of TIR system, to obtain a certification of attestation from the General Authority of Customs.
- Inspecting vehicles (Cargo components) to qualify them to comply with the requirements of TIR system.
- Submitting an application for a transport company that wants to join TIR system to the General Authority of Customs (National Licensing Committee for Road Transport).
- Issuing TIR books and customs clearance on TIR consignments.



نفط
NAFT
xtra

Naft

- 80% of the Company's capital has been acquired.
- The shares were transferred on April 8, 2022.
- The total number of operating stations is 233, spread across the central, eastern, western, northern and southern regions.
- In October 2022G, the Company entity was converted from a limited liability company to a closed joint stock company.
- Sales in Liters: 1.57 billion liter of gasoline, and 244.13 million liters of diesel.
- No. of Locations: 233 locations.
- No. of Trucks: 133 trucks.



First Palm Contracting Company

- It was established and founded with the aim of carrying out development and maintenance works for the Company's sites.

SASCO Al Waha



One of the businesses within the Saudi Automotive Services Company (SASCO), which was founded in 2017G and focuses on offering hotel services, is SASCO Al Waha Company. The Super 8 Hotel by Wyndham in the Middle East and Africa was the Company's first undertaking. The 4-star Best Western Plus Hotel, five minutes far from KKIA, a business is currently under construction.

Our primary goal is to offer high-quality hotel services at competitive pricing to all businesses, government organizations and e-booking platforms.



Super 8 Hotel

Super 8 Hotel occupies a prime location on Thumamah Road, near entertainment areas and King Khalid International Airport (KKIA). In addition, it is close to Princess Nourah Bint Abdulrahman University and Imam Muhammad bin Saud Islamic University. The hotel features 48 high-quality rooms, executive suites, a restaurant serving international cuisine, meeting halls and a gym.

أوتوسبا AutoSpa

Auto Spa

Auto Spa Car Wash is one of the distinguished services that SASCO has worked on providing to its customers, characterized by the following:

- High-quality and safe automated car washing.
- The use of a WAX layer to reduce dust accumulation on the vehicle and keep it clean for a longer period.
- Quick service.
- Interior cleaning with specialized and imported cleaning materials.
- Variety in service offerings (Multiple packages or categories).
- Facilities and waiting area for customers at some locations, with plans to expand this to other locations.

Services



Quick
By sasco



الخدمات الذاتية
Self service

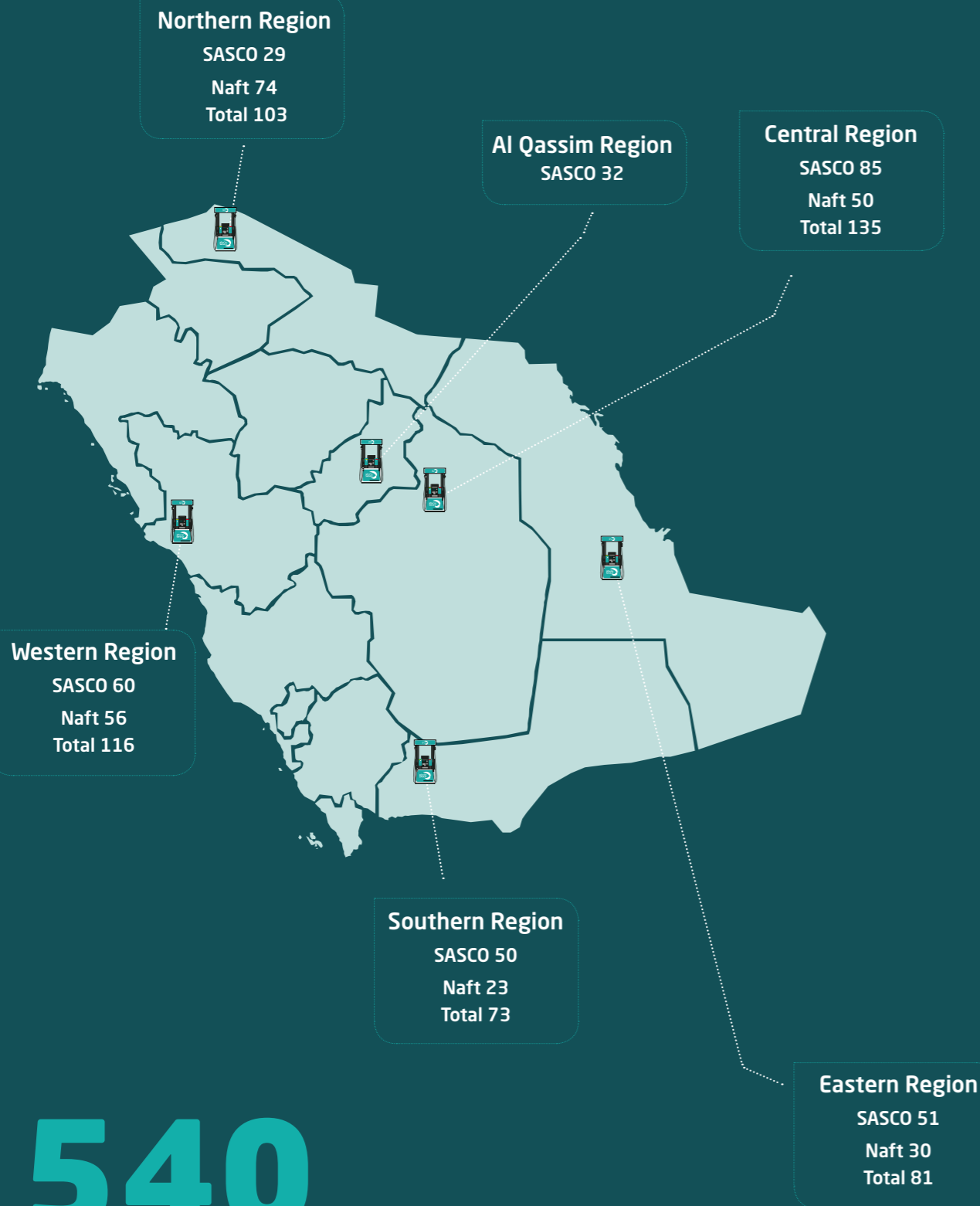


الشحن الكهربائي
Electric charging



عالم سريع
SASCO ON THE GO

Geographical Scope



540
station

Our Presence

- King Abdullah Economic City (KAEC)
- Ministry of Finance (MOF)
- Riyadh Airports
- Dammam Airports Company (DACO)
- Jeddah Chamber
- Ministry of Municipal and Rural Affairs and Housing (MOMRAH)
- Zakat, Tax and Customs Authority (ZATCA)
- Saudi Arabia Railways (SAR)

Theme of the Year

Leadership and Innovation

Leadership and Innovation our business. Since day 1, the Saudi Automotive Services Co. (SASCO) has been keen on securing a leading position in the field of vehicle services, equipment and stations management, according to the highest local and international standards, thus being a model to be followed inside and outside the Kingdom. SASCO aspires to achieve the principle of leadership, by expanding its services vertically through spreading its branches and services all over the Kingdom, and horizontally by enhancing such services to win customer satisfaction and meet the customer aspirations that stem from the confidence they have laid in our Company for four consecutive decades.

At the same time, SASCO has set innovation as a benchmark in all of its projects, so as to enhance available services to pace up with the demographic and technological advance in the Kingdom on one hand, and on the other, to find a number of new services that meet the needs of young generations in the Kingdom and the Kingdom visitors who come from all over the world.

The concepts of leadership and innovation are highly embodied in SASCO services, being the first company qualified for the management and operation of gas stations on highways, and the first company to innovate smart and developed payment solutions for filling gas in SASCO stations, without the need for cash or credit cards.

SASCO has been the first to launch an application for gas stations in the Kingdom that grants points on fueling, and for the first time in the Kingdom gas stations, SASCO has launched the franchise project by concluding a contract with Francorp, one of the biggest commercial franchise companies.

SASCO has automated the fuel process for tanks and monitoring fuel, starting from fleet logistics to fuel unloading and customer service, and has also automated the payment and fueling process using digital payment, which allowed it to control how much fuel is being used in tanks and provided to consumers.

SASCO has been keen on providing comprehensive and diverse services in its gas stations, which made its stations an integrated world for vehicles, drivers and passengers. This has been achieved through the provision of vehicle maintenance, inspection and cleaning, outlets for drinks and food and the biggest world-class restaurants in its stations. On highways, where long distances are cut, SASCO has provided luxury motels and hotels to ensure the comfort of its customers and guarantee more safety for clients and their families.

The Company's services are highly integrated and developed, as the Company applies the concept of the ideal station, stemming from its keenness to create a memorable experience for its customers.



Engagement of Stakeholders

As we continue our transformation to support the changing needs of our business, clients, and community, we are proud of our reputation for living up to our brand promise, a commitment we make every day to all stakeholders and ourselves. Reflecting on such commitment to the communities, we have evolved our aim to serve our customers and communities in a better way.

SASCO continues to work on a long-term strategic plan centered around four strategic objectives, namely:

- Reinvent hospitality.
- Enhancing the experience of the guest using the service.
- Invest in people and the community.
- Invest in the team, planning, development, project management and strategy implementation.

Our Employees

SASCO people are crucial to delivering the Company's objectives and strategies, being equipped with the vision and mission to play a key strategic role in servicing the Kingdom. We continue to invest in our people through skills training and development, which highlights our commitment to diversity, equity, and inclusion - both of which are critical to our future growth and success. Led from the top, these aspects of social sustainability are critically important to achieving our objectives and benefit from concerted efforts across our organization, on our project sites, through our relationships with suppliers and vendors, and in the service of our communities. We are incredibly grateful to our employees for supporting our customers and their critical ongoing work at project sites across the country. We are also proud of our employees

and their resilience, dedication, and commitment to achieving our objectives this year. We are equally grateful for the vision, guidance and support that we consistently get from the Government, the Board of Directors and the wider community, and our success is a result of the culmination of all these factors. During 2023G, the team of Saudi Automotive Services Company (SASCO) has been trained on how to use "Afaky" smart system to track vehicles. At the same time, the Human Resources Department is working on automating procedures in order to have a relative/quantitative/time-based measurement of performance and employee services. The Company pays particular attention to Saudization, which is an approach before being a legislative obligation, and the priority in employment and development for Saudis. By the end of 2023G, the Saudization rate reached 13.61%. At SASCO, we also have a number of recreational programs, and we work on strengthening relationships and the social role between employees in addition to events and celebrations.

In 2023, the Company received the best rating among competitors in the sector for the third year in a row according to Qiwa indicators and the Ministry of Human Resources.

Our Customers

In SASCO, we carefully evaluate our operational structure and are implementing an enterprise-wide organizational transformation that will bring greater efficiency and effectiveness to our operations, improve our performance and provide better client support, having developed our gas stations with various payment solutions for our customers. Thanks

to our extensive planning and agile response, we can ensure our customers' needs are met.

With our innovative offerings, incorporating off-site services, we help our customers to get what they desire in the best way possible.

Key to delivering our customer value proposition, enhancing our fuel and merchandise pricing capabilities and systems, coupled with advanced data and market intelligence, helps us ensure responsible pricing to achieve gains with our customers and provide everyday low prices to gain market share and further strengthen our competitive advantage. In comparison, we take great pride in raising the bar for ourselves and meeting higher expectations.

SASCO strives to align with responsible local authorities and function according to the mandates and directives relevant to its business operations. SASCO seeks to create a more sustainable future for generations to come. The Company needs to adapt to the variable workforce in a way that meets the customer needs.

To keep up with these changes, SASCO is embracing digital technology to transform its business model and generate new sources of revenue. The Company continues to invest in technology that will enhance customer service in the best way possible. SASCO is planning to offer new facilities, services and products to customers, and to capitalize on its established technological database to explore the customers' preferences and thus professionally offer them innovative and convenient services. With the Vision 2030's focus on tourism, the Group strives to offer exceptional services on highways and



travel routes, ensuring that tourists have access to a wide range of top-notch amenities. SASCO intends to be a leading company in its field and works on offering the best customer service at all levels.

The Company's commitment to its customers extends beyond its subsidiaries; SASCO creates value for stakeholders by building on the heritage and scale of the business and its strong assets. The single infrastructure that supports SASCO brands enables it to drive value and efficiency.

Our Partners

Based on the customized ESG principles built with the management team, SASCO maintains continuous dialogue with partners about their ESG initiatives and supports their efforts. The Company's compliance with sustainability reflects its respect for the rights of every stakeholder and partner

through the highest standards. The Group is in a permanent transformation to provide tangible and sustainable solutions to the challenges of providing more energy while reducing emissions.

Our Community

SASCO commitment to social value reflects its purpose and role in providing essential products and services for society's transition to a more sustainable future. ESG framework comprises a comprehensive set of key commitments across all environmental, social and governance dimensions that guide the implementation of the Company's strategy. It includes ambitious targets and detailed plans of action. SASCO is planning to take measures to adapt to changes in environmental conditions to prevent disturbance to its operation, as well as negative impacts on the safety and health of its employees. In 2023G, SASCO participated in a number

of awareness campaigns, in compliance with the Kingdom objectives to launch awareness programs for the community.

Our Shareholders

Our performance far exceeds our peers in the broader market in terms of efficiency and results, measured by the total shareholder returns. Despite our ultimate robust performance over the past few years, we look forward to further progress, and we do recognize that our investors and stakeholders are increasingly focused on the sustainability of public companies, their operating and governance practices in a changing world. Accordingly, we work on ensuring that long-term value creation remains a discrete outcome, delivered in a socially and environmentally responsible manner.

Investment Advantages

Good Results and Constant Growth in Line with the Objectives of the Kingdom's Vision 2030

In 2023G, SASCO has continued to achieve record figures in its business results with revenues of SAR 9.11 billion, the highest in its history, thus breaking last year's record, the highest then. In terms of total profits, the Company has made a new record at SAR 302.3 million, with an increase of 11.06% compared to the last year. Therefore, the Company has stressed its commitment towards its shareholders and its constant attempts to create value for them from its business, in line with the objectives of the Kingdom's Vision 2030.

Leadership on the Level of Saudi Arabia

SASCO seeks to be the leading company and a model to be followed in the field of vehicles and equipment services and stations management. On its way to achieve this, the Company has taken a number of steps to secure its leading position in the Kingdom. For the first time in the Kingdom's gas stations, SASCO has launched the franchise project by concluding a contract with Francorp, one of the biggest commercial franchise companies. It is also the first company qualified for the management and operation of gas stations on highways, the first to innovate smart and developed payment solutions for filling gas without using cash or credit cards, and the owner of the first smart application for gas stations in the Kingdom that grants points on fueling.

Robust Financial Position, Good Capitalization and Distinguished Returns

Our total revenues and profits, supported by our robust financial position and high levels of liquidity, serve as a strong basis to meet the needs of customers and provide sustainable revenues for shareholders, based on a range of diverse and comprehensive services that ensure achieving sustainable profits.



Responsible Company and a Matrix with Strong Governance and Experienced Leadership

The Company has developed a comprehensive system for its governance, setting the rules, regulations, standards and controls related to the management of the Saudi Automotive Services Company (SASCO), in order to ensure the implementation of best governance practices to protect the rights of the shareholders and stakeholders. This system was further developed in line with the updated Corporate Governance Guidelines issued by the Saudi Capital Market Authority (CMA).

ESG Aspects are the Basis of the Company's Operations

We believe that our role far exceeds the management and development of oil services. As a matter of fact, our social responsibility is the drive for our participation in social activities, our support for main issues, and our initiatives for the development of the HSE performance, let alone enhancing the skills and talents of our employees and developing the quality of life in all operational sites in line with the Kingdom's Vision 2030.

Shareholders' Data



SASCO firmly believes that only by building good relations with its shareholders, the Company will be able to optimally achieve its objectives and successes. Accordingly, among the Company's main objectives is increasing value to its shareholders by driving profits or increasing the market value of its share. SASCO eyes its shareholders as the cornerstone of the Company; therefore, the Board is required to work for the interests of shareholders, to provide them with their rights, as stipulated in the

Companies Law, the CMA's Laws and Regulations and the Company's Articles of Association. SASCO is committed to the implementation of the principles that protect the shareholders' rights and establish justice through the timely provision of the proper data, abiding by transparency and clearance in the provision of information and the announcement of the same without any amendments or delay. SASCO is fully committed to the implementation of policies and measures related to the disclosure

of financial statements and performance reports, according to the legal requirements and regulatory regulations applicable in the capital market, and instructions issued by competent authorities. At the same time, SASCO is coordinating efforts and cooperating with the participants in the international capital markets, including institutions, individuals and financial analysts in purchase or sale, through the continuous and open communication channels, regular meetings and participation in the investors' conferences and seminars.

Performance of Share Price Compared to Standard Share Indices

In 2023G, SASCO share price amounted to SAR 76.10, the highest during the year and the second highest share price in the Company's history, as it hit SAR 80.15 in February 23, 2006G. SASCO share outperformed the Saudi Stock Exchange

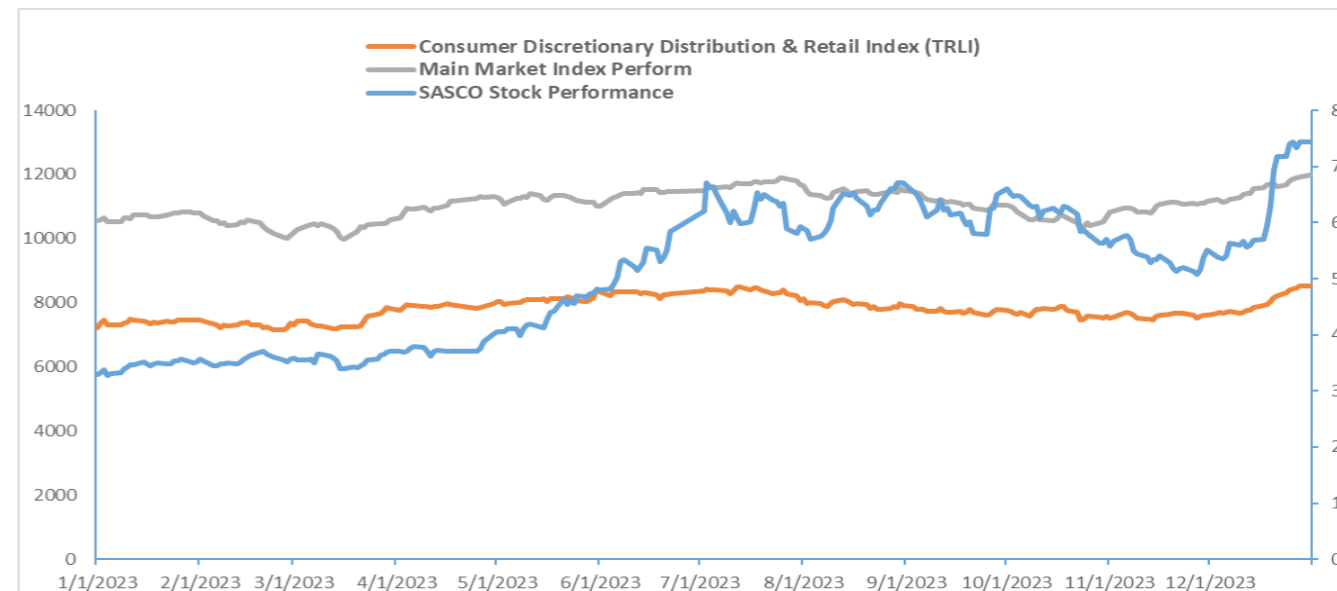
Market general index which rose by 14.21% in 2023G and the Consumer Discretionary Distribution & Retail Index (TRLI) which rose 2.25% in the same year, while SASCO share increased at a rate of 128.62%.

Share Performance in 2023

Closing Price as at December 31, 2023G	SAR 74.3
Highest Price during the Year/Date	SAR 76.10 / December 25, 2023
Lowest Price during the Year/Date	SAR 32.35 / January 5, 2023

Statement of SASCO Stock Performance, Compared to Main Market Index Performance and the General Index of the Sector

The following figure shows SASCO stock price performance in 2023G, compared to the Saudi main market index performance and the consumer discretionary distribution and retail index (TRLI).

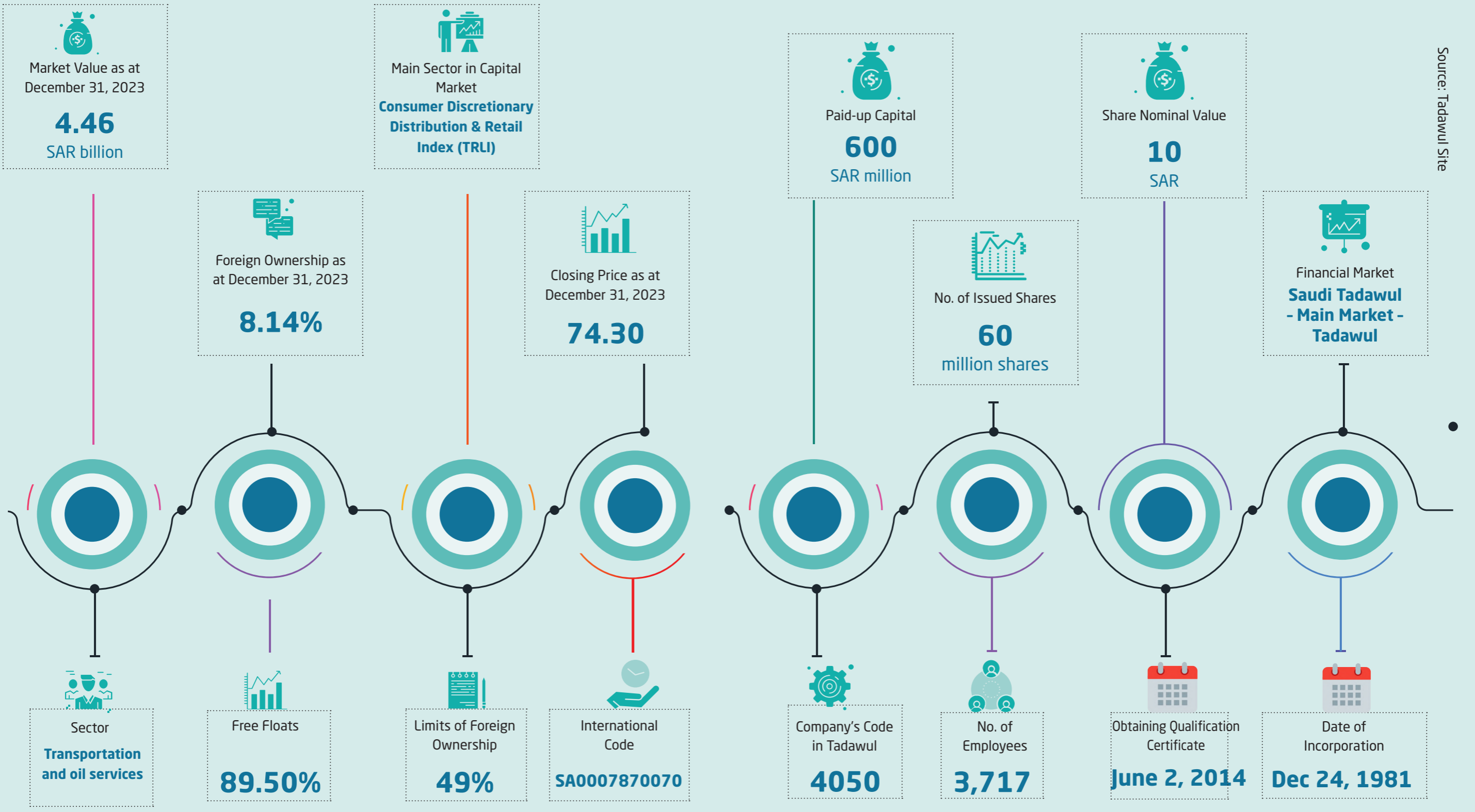


Company Basic Data

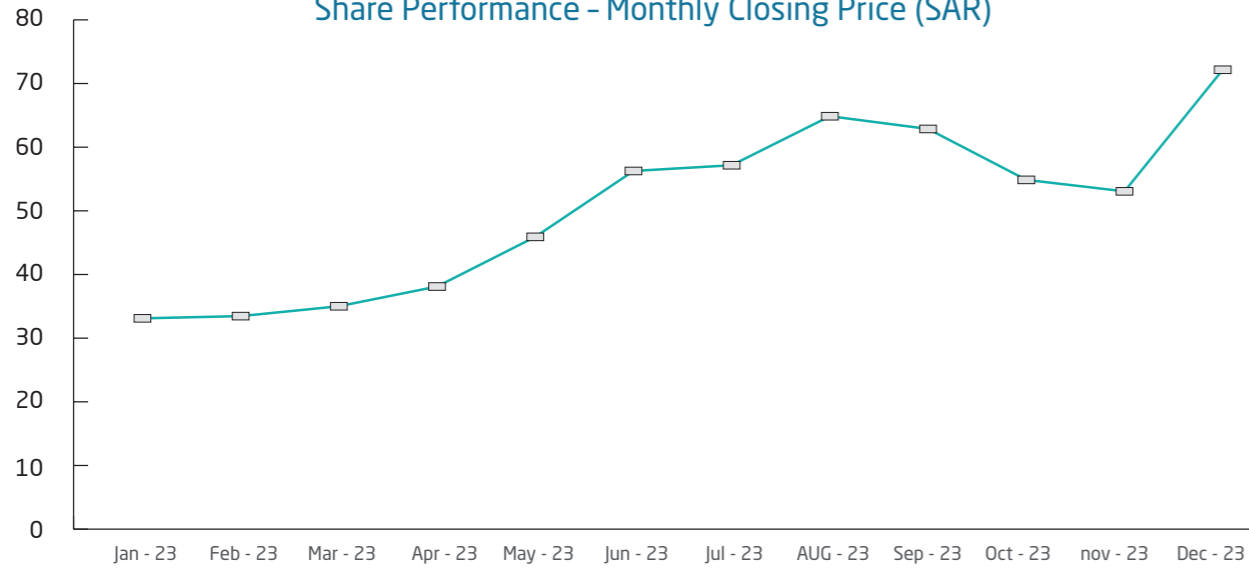
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and cooperating with the participants in the international capital markets, including institutions, individuals and financial analysts in purchase or sale, through the continuous and open communication channels, regular meetings and participation in the investors' conferences and seminars.

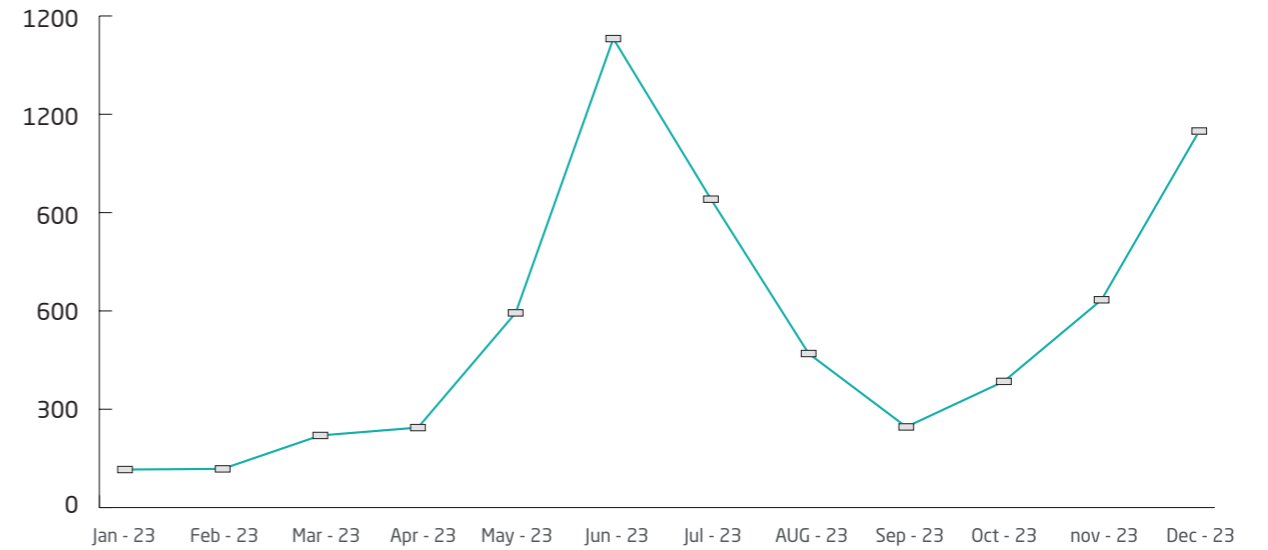
Source: Tadawul Site



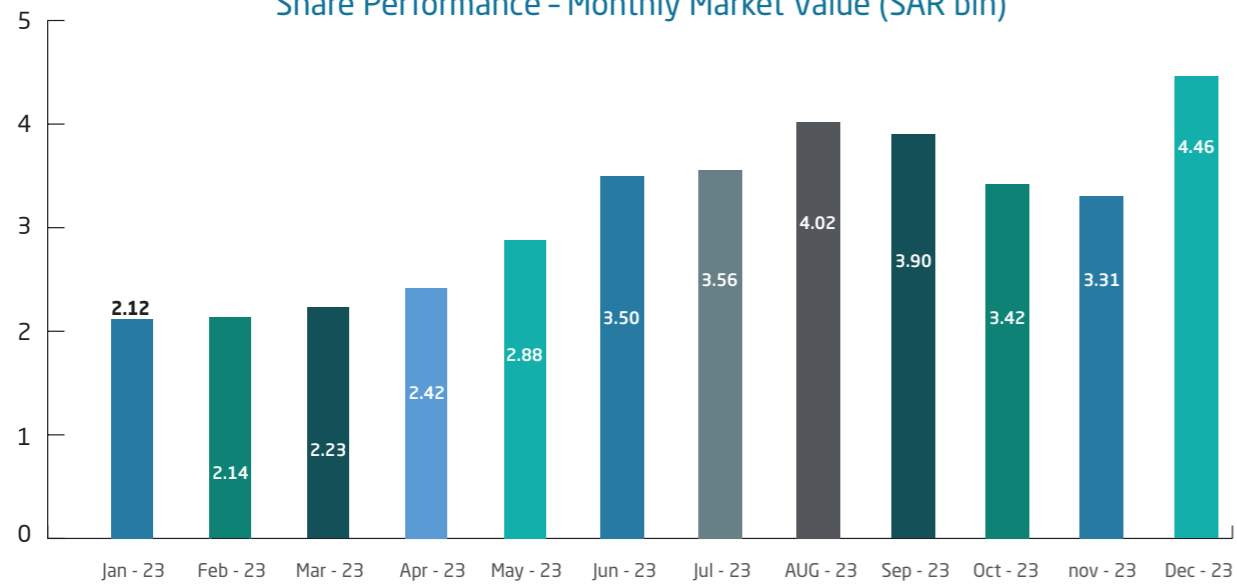
Share Performance - Monthly Closing Price (SAR)



Share Performance Amount of Total Trading on the Share (in SAR billion)

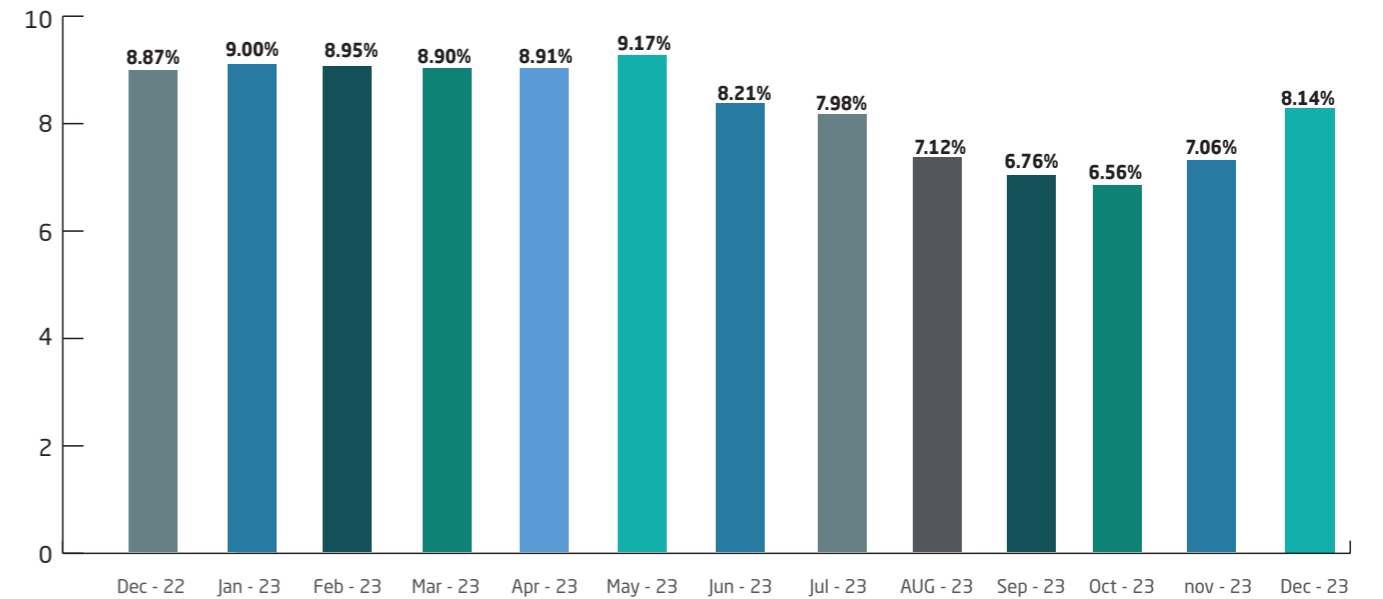


Share Performance - Monthly Market Value (SAR bln)

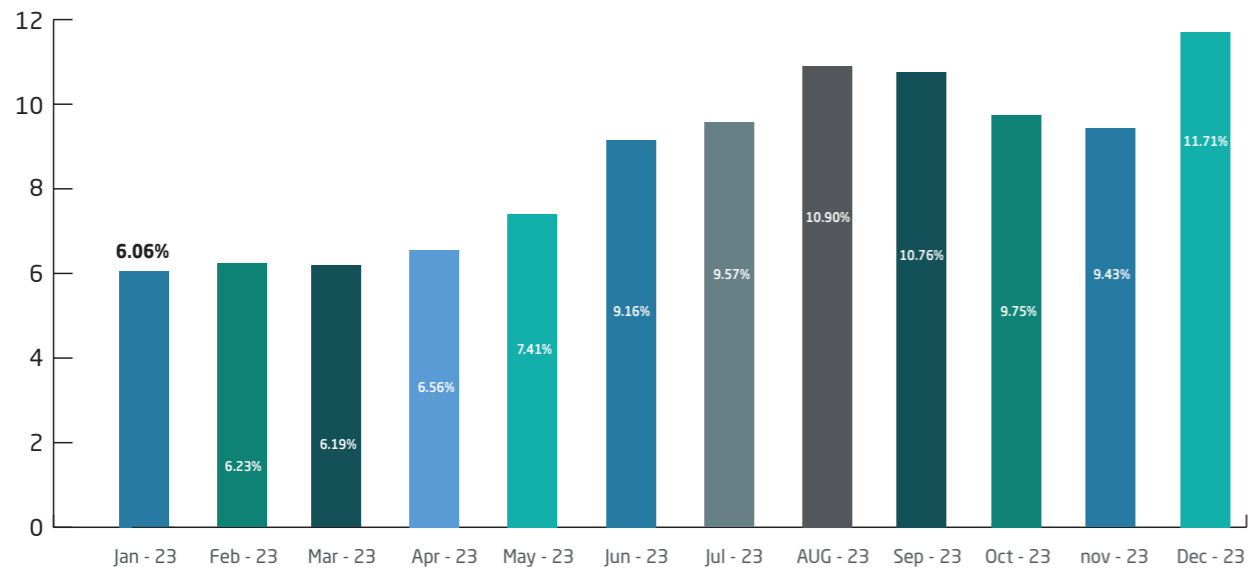


Ownership of Foreign Investors by the end of 2023

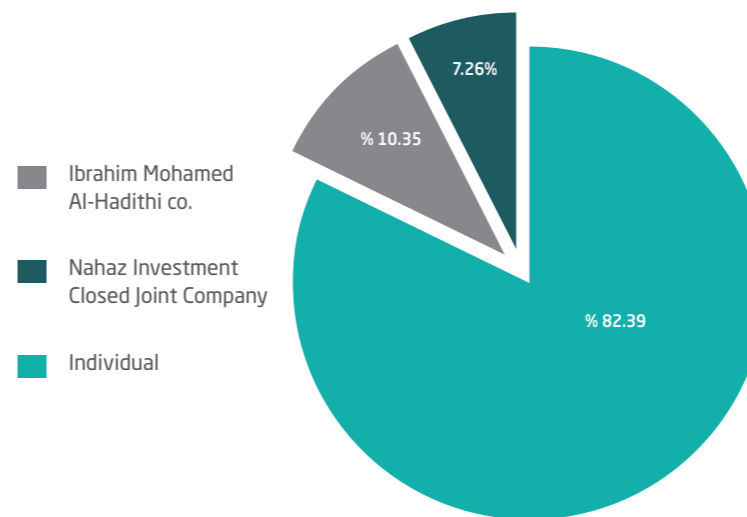
By the end of 2023G, the share of foreign investors' ownership of SASCO shares reached 8.14% by the end of 2023, of the maximum foreign investors' ownership of 49%.



Share Performance - Monthly Market Value as a Percentage of the Sector %



Ownership Structure



According to Article (85) of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA, SASCO did not receive any new notices regarding new ownership percentages exceeding 5% of the Company's issued shares in 2023G. Therefore, only two shareholders still own a percentage of more than 5%, namely Chairman of the Board, Ibrahim Mohammed Ibrahim Al-Hadithi, holding 10.35%, and Nahaz Investment Company, holding 7.26%, as at the end of 2023G.

Company Requests for Shareholders' Register

During 2023G, SASCO has requested the shareholders register ... times from the Securities Depository Center "Edaa". The following is a list of the dates and reasons for such requests:

No.	Request Date	Date of Ownership File	Reason of Request
1.	05/04/2023G	05/04/2023G	Re-request according to the instructions of Edaa
2.	06/04/2023G	05/04/2023G	Following up change in shareholders register
3.	27/05/2023G	30/05/2023G	General Assembly meeting
4.	22/06/2023G	21/06/2023G	Following up change in shareholders register
5.	12/10/2023G	18/10/2023G	Beneficiaries entitled to profits of H1 2023G
6.	01/01/2024G	31/12/2023G	Following up change in shareholders register

SASCO is keen on regularly distributing due dividends on shareholders, constantly urging them to update their personal data and link their bank accounts to their portfolios in order to avoid any delay in the

dividend distribution. As for the dividend distribution, the Company has distributed dividends on the Company shareholders in 2023G as follows:

Date of Announcement	Due Date	Distribution Date	Total Cash Distributions (SAR mln)	Cash Distribution (SAR per share)
11/10/2023G	16/10/2023G	06/11/2023G	30	0.5



Company Disclosures during the Year

SASCO provides details on its performance, activities and business through its annual report and the annual General Assembly meeting. Further, SASCO advises its shareholders and investors of any other substantial developments that might affect the Company's financial position and business without affecting its

competitive edge. To achieve the same, SASCO has established a number of communication channels with its shareholders including the Company's website, Tadawul official website, among other communication channels. The above ensures effective communication with shareholders, to provide them with full information in due

time, and engage them easily in the decision making process on one hand, while helping them to optimally take the investment decisions on the other. The following are the financial statements and announcements made in 2023G:

Date	Announcement
24/10/2023G	Initial financial results for the period ending as at 30/09/2023G.
15/10/2023G	The issuance of a first instance judgment in favor of the Company abiding the Ministry of Housing to pay the amount of SAR 25,862,060.
11/10/2023G	Dividend distribution on shareholders for H1 of the fiscal year 2023G.
03/10/2023G	Starting the operation of a station at Bahr Abu Sukaynah, Asir Province.
06/08/2023G	Appointment of a board member.
27/07/2023G	Initial financial results for the period ending as at 30/06/2023G.
31/05/2023G	Results of the Extraordinary General Assembly (EGA) meeting (second meeting).
08/05/2023G	Initial financial results for the period ending as at 31/03/2023G.
25/04/2023G	Call for the Extraordinary General Assembly (EGA) meeting (First meeting) by the latest technological means.
17/04/2023G	Latest updates of the early payment of part of outstanding loans of SAR 300 million.
03/04/2023G	Latest updates of the receipt of letters from the Zakat, Tax and Customs Authority (ZATCA) on the amendment of the Zakat declarations for the years from 2014G to 2018G and claiming for the payment of additional amounts.
08/03/2023G	Consolidated Financial Statements for period ending as at December 31, 2022G.
08/03/2023G	Latest updates of the consideration of the sale or re-lease options of some of the Company's sites.
06/03/2023G	Board of Directors approves the early payment of part of the loans at a value of SAR 300 million.
12/02/2023G	Renewal of the qualification certificate for the management, operation and maintenance of gas stations and service centers.
30/01/2023G	Resignation of a board member.
22/01/2023G	Latest updates of the receipt of letters from the Zakat, Tax and Customs Authority (ZATCA) on the amendment of the Zakat declarations for the years from 2014G to 2018G and claiming for the payment of additional amounts.

02: Company Strategy, Operational Processes Review “Expansion, Diversity and Automation”

Chairman’s Foreword

CFO’s Message

CEO’s Statement

Managing Director’s Message

Overview on the Market and Sector

Our Business Model

Our Strategy

● Our Future Strategy

Future Outlook and Aspirations for 2024G

● Main Activity of the Company and Subsidiaries

SASCO Risk Management

Challenges and Opportunities



Chairman's Foreword

Leadership and Innovation have always been the fundamental pillars of SASCO. Ever since day one, SASCO has been driven to be the market leader, and to apply innovation in all facets of its business, in order to maintain the confidence of our clients and protect the health and safety of our workers, support and create value for our shareholders, and help propel our nation into the forefront of the globe.



ساسكو
SASCO

Dear Shareholders,

I have the pleasure to present to you an abridged overview of SASCO accomplishments during FY 2023G, which was yet another prosperous year for the Company, in terms of its "Leadership and innovation".

Despite the global geopolitical and economic challenges, SASCO managed to make record figures in revenues, total profits, operating profits and net profits, in the first year of its fifth decade. This assures the Company's financial efficiency and supports its future growth.

We may safely say that it is the diversity of revenues and sales as a result of the diversity of the Company's business, is what sets the Company apart, contributes to mitigating the risks of each and every one of its business activities and provides the necessary cash flows for managing various activities.

In 2023G, SASCO managed to build up the elements of its leadership. In one year and in a unique step, SASCO has obtained the certificate of occupational health and safety as the first Company to obtain the same in the stations sector, in addition to the ISO 14001 for Environmental Management Systems and the ISO 9001 for Quality Management Systems. Not only that, SASCO was further awarded the GPTW certificate for the best work environment.

Among the elements of leadership, SASCO has continued to lead the sector by earning the best assessments in the fuel stations business according to the Ministry of Human Resources.

As for innovation, in 2023G, SASCO automated 292 stations with the automation system, compared to less than 54 sites in 2022G. This year, SASCO managed to automate the client service tickets system and its internal system. Meanwhile, SASCO also enhanced and developed the Company's information and cyber security, launched the asset management system in both Ostool Al Naqil and Palm One and initiated the self-fueling service in 56 locations. Last but not least, SASCO has launched "SASCO Loyalty" program, which is a unique point in the fuel retail sector, and the first fuel stations application in the Kingdom that gives you points on fueling.

In light of SASCO accomplishments over the last year, the Company is set to continue its journey on the path of "Leadership and Innovation". SASCO has been the first company to be qualified for the management and operation of fuel stations on highways, and has been the leader in innovating new and developed payment solutions under the name of "Control", which is the smart

"Expansion, Diversity and Automation"

solution for fueling from SASCO fuel stations without the need for cash or credit cards. SASCO has also been the leader in operating mobile stations. For the first time in the fuel stations sector in the Kingdom, SASCO has launched the franchise sector, by concluding contracts with major companies in establishing commercial franchises "francorp".

Stemming from the Company's belief in the Kingdom's economic potentials and human calibers, that unfold lots of opportunities, SASCO has geared up to complete and build on its successes and achievements. SASCO seeks to be the first company and a role model as far as vehicles services, equipment and stations management are concerned. At the same time, we are keen to provide more services, products and new facilities to our clients. SASCO further seeks to know more about the preferences of its customers and to professionally provide its customers with their needs, in an attempt to optimally use the technological database that the Company has established.

Generally speaking, SASCO commitment to the social values does reflect its intentions and roles in providing products and services to transform the community to a more sustainable future.

Accordingly, our strategy for the years (2024G-2028G) has highlighted achieving leadership in three key areas; namely the sustainable growth, innovation and service excellence.

Such approach demonstrates our commitment towards attaining a sustainable growth, developing new and innovative solutions and providing top-notch services that far surpass the expectations of our customers. From this perspective, the Company is enhancing its leading status in the market to ensure its continuity and success in the future.

To conclude, I hereby express my deepest appreciation and gratitude for our wise leadership, represented by the Custodian of the Two Holy Mosques and His Highness the Crown Prince - May Allah bless them. I further extend my thanks to the Ministry of Energy for its continuous help and support.

I would also like to seize this opportunity to deeply thank all our employees for their strenuous efforts and our customers for the trust they laid in us, who both serve as SASCO fluttering wings in the horizons of "Leadership and Innovation".

Ibrahim Mohammed Al-Hadithi

Chairman of the Board of Directors

Managing Director's Message

Aspiring to serve as a role model when it comes to fuel stations and related logistics, motels or maintenance, SASCO sets as its top priority the provision of the best and the top-of-the-notch services to its customers. At the same time, SASCO cooperates with other entities and institutions to contribute to the Kingdom's development and progress.



ساسكو
SASCO

Esteemed Shareholders,

SASCO gives extra care to its stakeholders. Generally speaking, SASCO, represented by its Board, is eager on magnifying its profits and increasing its revenues, in order to sustain distributing dividends on its shareholders whether on a regular annual or term basis. Furthermore, the Company attempts to build strategic relations and partnerships with its suppliers, which positively reflects on the number of its customers and the diversity of their categories. This is particularly true now that SASCO has launched its loyalty application which awards customers with points, to help them to further use such points in the Company's range of business activities.

With 540 fuel stations, i.e. 40 more than the previous year, SASCO has significantly improved its operational performance in 2023G, surpassing the Management's goal of more than 133% (30 stations) by the end of the previous year. SASCO managed to increase the sold liters from 3.5 billion liters of gasoline and 1 billion liters of diesel to 3.95 billion liters of gasoline and 1.31 billion liters of diesel, with an increase of 479.40 million liters of gasoline and 288.65 million liters of diesel. On the other hand, the Company's fleet number rose to 345 trucks and 369 trailers in SASCO and Naft.

In keeping with the Kingdom's Vision 2030, which seeks to achieve the social, economic and developmental transformation through the use of technology, SASCO has been eager to automate the transfer of its fuel to tanks and monitor fuel starting with the fleet logistics until the discharge of fuel and its provision to customers. For this end, SASCO applies a system that enables it to e-monitor and control the consumption and distribution of fuel in every stations.

The Company managed to automate the fueling process in stations and the e-payment process, in addition to controlling the fuel consumption in tanks and the provision of fuel to customers. Now all the data of transactions in tanks, distributors, customers' vehicles are collected, and the prices and fuel stocks are monitored in one single point.

Within this framework and at the operational level, SASCO initiated the activation of the smart cards and RFID chips which allow for the automatic identification of vehicles, in addition to various fueling options and fleet and transport services. Both allowed for the digitization of the payment process and the control of fueling process, in order to enhance efficiency, achieve sustainability and improve

services.

At the field level, SASCO has taken several steps that are generally regarded as accomplishments over the last year. These include signing an agreement for the deployment of parcel stations with the National Parcel Stations Network Co. (Parcelat), for leasing a space in SASCO Palm outlets to be used for the operation of smart closets. Such strategic partnership aims at contributing to the development of the delivery process quality in the Kingdom and the provision of multiple options to increase customer satisfaction.

By way of contributing to the success of the government programs, the Company has taken the initiative to implement the second phase of the link established with the Zakat, Tax and Customs Authority (ZATCA), known as the stage of (Linking and Integration), whereby the Company's e-invoicing system is linked to the system of ZATCA (Invoicing Platform) so that the e-invoices are generated in the required form, setting a success model to be followed.

Stemming from its belief in the importance of using new innovations in the services provided to the customers and to ensure its leadership among competitors, SASCO successfully deployed the self-fueling machines, electric charges and mobile stations.

Last but not least, I would like to take this chance to express my gratitude and appreciation to the Company Board and Executive Management for their hard work and strenuous efforts exerted to achieve the Company's objectives. I would also like to thank every employee of the company for their desire to move the Company forward steadily. Many thanks to our deserving customers and shareholders, being the key drives and sources of motivation for our success.

Sultan Bin Mohammed Al-Hadithi

Vice-Chairman

Managing Director

CEO's Statement

We seek to continue our journey on the route of leadership and innovation by growing our market share, building a wide stations network and developing our infrastructure. All of which can be achieved by forming strategic partnerships and completing fresh acquisitions, particularly in view of the positive effects of the Company's most recent acquisition of "Naft".



ساسكو
SASCO

Dear Valued Shareholders,

I am delighted to share with you some of SASCO operational achievements for the year 2023G, which has been such a prosperous year in the Company's history, that witnessed recording unprecedented operational and financial figures. This was made possible by the integration and collaboration among our employees, management and partners at the same time. I would also like to seize this opportunity to thank our employees for their dedication and commitment to optimally perform their work. Special thanks to our customers, shareholders and partners for their precious trust and confidence.

Generally speaking, we may say that SASCO operational activities await a promising future ahead. In light of regulations on fuel stations and service stations issued lately by the Ministry of Energy, the Company shall have a great opportunity to expand the sites of its stations. Accordingly, Ostool Al Naqil shall increase its fuel transport activities and shall buy a new fleet of trucks and trailers. Meanwhile, SASCO Palm shall expand its presence inside and outside the Company stations, particularly following the operation of the Airport Hotel (2), with its prime location on King Salman Road.

It would be worthy to note here that the global events that the Kingdom expects will positively affect the Company's sales and revenues, by increasing its financial solvency, enhancing its market share and supporting its presence all over the Kingdom.

Regarding the operational level, the year 2023G witnessed achieving a number of accomplishments including the renewal of the qualification certificate issued by the Ministry of Energy, the activation of SASCO application, which has accounted for 1% of the Company's sales in December 2023G and continuing the Company's progress in automating sites, now that 292 sites have been automated with the Automation System, compared to less than 54 sites in 2022G.

This year, the Company has concluded contracts with leading food and coffee companies, let alone equipping its mobile stations with the latest state-of-the-art specifications, as well as equipping and operating a number of stations in the Yacht Club, the Camel Club, Halat Ammar road and temporary stations during the process of developing 154 stations. Add to this equipping a number of station on the road to Qatar during the World Cup.

In a step to pace up with the future, SASCO has installed e-vehicles charging equipment, having already installed a number of chargers and contracted on others. A charger has been installed for the automotive exhibition and two chargers have been installed in the main HQ. At the same time, SASCO inked a contract for the supply of a number of fast chargers to be installed in a number of stations in 2024G.

Furthermore, SASCO has opened a customs clearance office for the Saudi Automobile & Touring Association (SATA) at Al Bahtaa Border Crossing on the KSA-UAE borders and resumed the issuance of TripTik to the Republic of Yemen.

The year 2023G has marked the last stop of our previous 5-year

"Expansion, Diversity and Automation"

strategy, through which we made lots of achievements. Over the last five years, SASCO managed to provide excellent services without prejudice to its competitive status.

Over the last five years, our stations have widely expanded through the acquisition of 131 new sites that were added as operating sites and by concluding contracts for 107 sites that have not been yet delivered, which means that the Company has acquired a total of 238 sites during this period, which exceeded the plan objectives since 2021G.

On the other hand, 233 new stations have been added following the acquisition of Naft, thus by the end of 2023G the Company's number of sites rose to 540 sites, compared to only 260 sites by the end of 2021G.

In 2023G, the Company has acquired a number of new sites throughout the Kingdom following the due consideration of the same by a specialized committee constituted by members from various departments. In line with its identity, the Company has further established a number of sites and developed some of the current sites.

By way of celebrating its 40th anniversary, in October 2022G, the Company launched its new identity, which required the development of all its sites to stream with its new developed identity.

Lots of projects have been made in 2023G, most prominently the activation of SASCO application, which is expected to increase the number of customers and thus increase sales, let alone launching "SASCO Loyalty" program, which is a one-of-a-kind program in the fuel retail sector.

As we step in 2024G, we pledge to continue our constant service improvement and development to keep up with the most recent market advancements, driven by our desire to gain customer satisfaction, through the provision of value added service, the development of the comprehensive quality level and the enhancement of the current locations to serve exceptional customer service.

We shall leave no stone unturned in order to enhance the quality of our services, obtain international quality certifications, increase our productivity and boost the efficiency of our operations in order to achieve the highest performance levels. We shall always seek to benefit from the experiences and administrative efficiencies and the application of the state-of-the-art technologies. In SASCO, we are keen on maintaining our leadership in applying cutting-edge technologies in order to enhance customer satisfaction, gain their loyalty while boosting revenues at the same time.

One of our priorities is yet to increase our investments in community initiatives and increase SASCO commitment to its social responsibility by supporting our community and environment.

Riyad Saleh Al-Malik

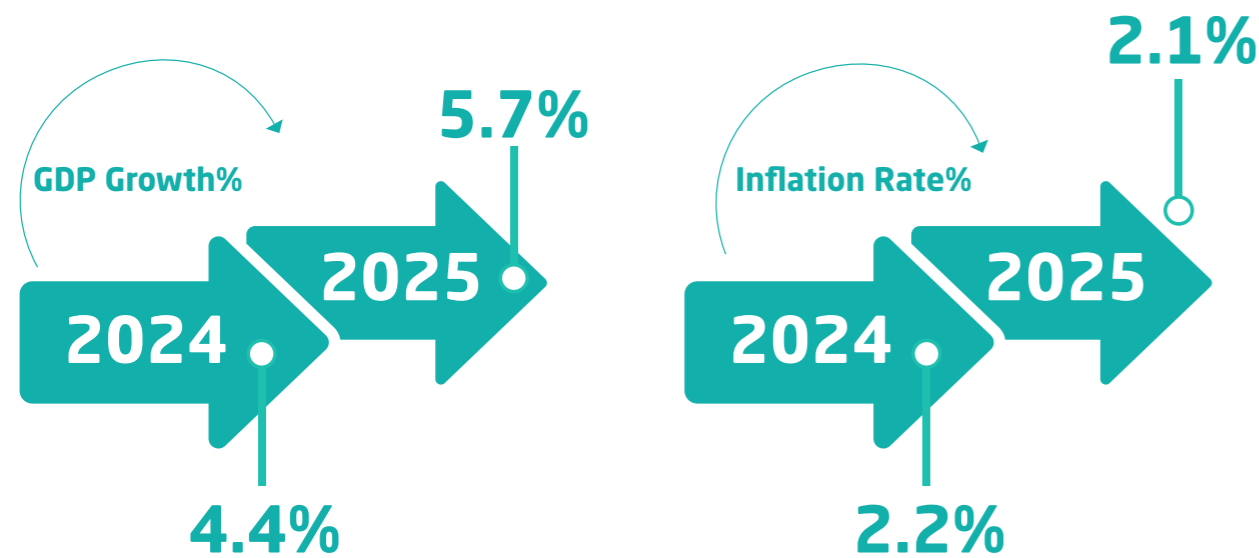
Chief Executive Officer

Overview on the Market and Sector

With the largest capital market in the Middle East and a wide variety of vital sectors, the Kingdom of Saudi Arabia boasts the largest economy in the region. These factors, along with the revolutionary changes the Kingdom is experiencing on both the social and economic fronts, open up a number of opportunities that might not be found elsewhere. The Kingdom is currently working to transition its economy from one that is reliant on oil to one that is centered on both industry and technology-based services. It is safe

to say that the enormous sums of money the Kingdom has invested in a number of other industries, including tourism, logistics, and industry, are beginning to yield. The Kingdom's government is currently implementing initiatives and structural reforms on the economic and financial sector in light of the Kingdom's Vision 2030, with a focus on adopting financial policies that will help achieve stability and sustainability in the State's general budget, in light of trends towards expanding expenditure on the

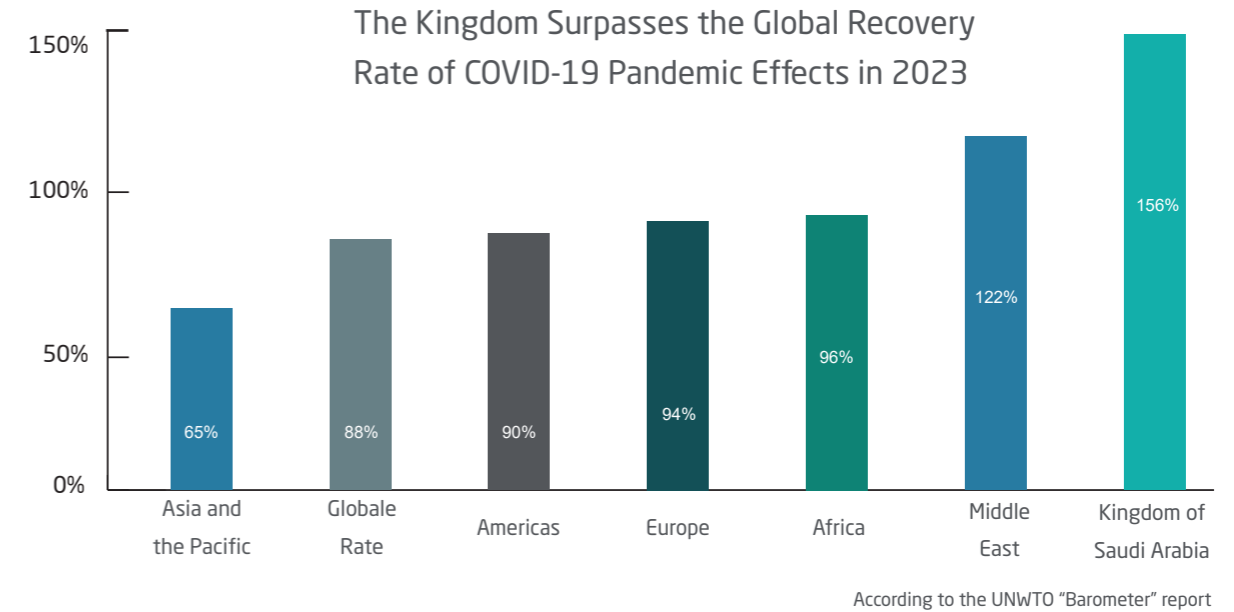
region and sector strategies, which in turn contributes to achieving the sustainable economic growth. With predictions for real GDP growth of 4.4% in 2024G and 5.7% in 2025G, the effects of this effort should become more apparent in the ensuing years. A retreat in inflation rates to 2.2% and possibly even 2.1% in the subsequent year is anticipated based on data from the Ministry of Finance and assessments from the General Authority for Statistics



The Kingdom has experienced strong economic growth in 2023G, with total service exports rising by 107% to SAR 106.9 billion in H1 of 2023G from SAR 51.6 billion, compared to the same period the previous year. The growth in the travel item is largely responsible for the improvement in service exports. The travel item's exports reached a record high of SAR 83.7 billion with a growth rate of approximately 129.6%, which is the highest semi-annual surplus for the

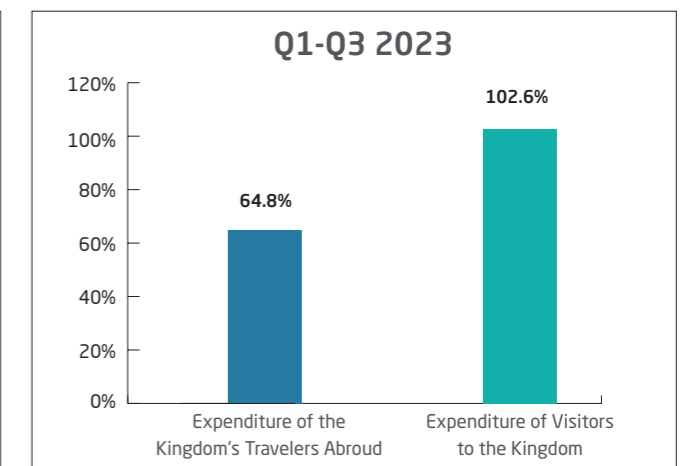
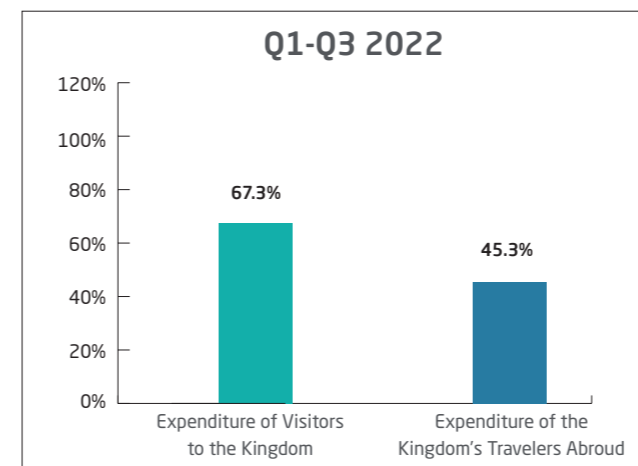
travel item in the balance of payments. The travel item's exports increased by SAR 39.9 billion in H1 of 2023G, compared to the same period the previous year. The expansion of the tourism industry can be attributed to its growth and improvement, which has also been reinforced by the efforts made to make entry into the Kingdom easier by revising the list of visit visas. These amendments included expanding the list of qualifying categories, giving

tourists and their first-degree relatives in the Gulf countries more options for visiting the Kingdom for tourism or Umrah, and granting tourism visas to residents of those countries. The UNWTO Barometer report states that the Kingdom has recovered from the effects of the COVID-19 pandemic by 156% in terms of visitor numbers in 2023G, compared to 2019G, surpassing the global recovery rate.



- Simultaneously, the Ministry of Tourism declared that the amount spent by foreign tourists visiting the Kingdom has marked a record high, citing data from the Saudi Central Bank's balance of payments, which totaled over SAR 100 billion in the first three quarters of 2023G.

Total Expenditure of Tourists to the Kingdom, by the end of Q3 2023G Amounts to more than SAR 100 bln

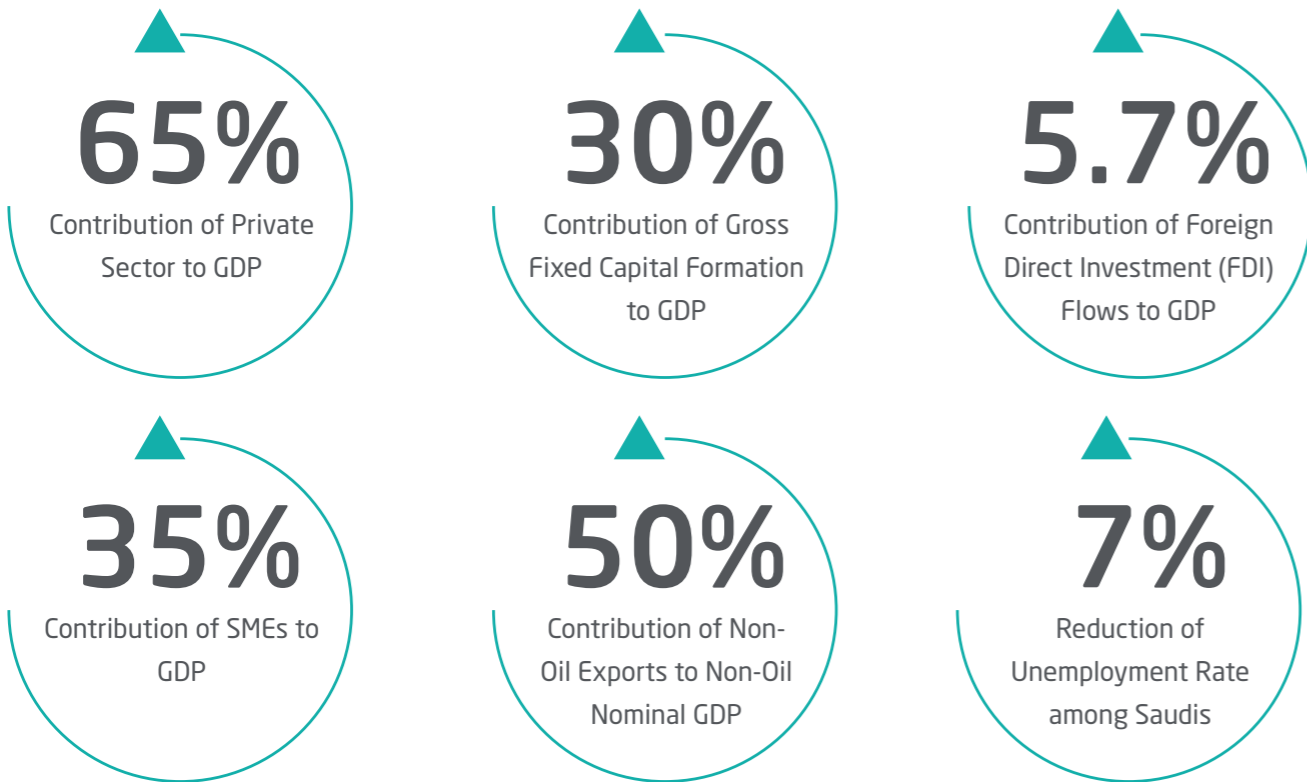


The Kingdom hopes to raise the tourism sector's GDP percentage to 10% by 2030G. The tourism sector is one of the most promising investment sectors, with growth rates rapidly increasing and a plethora of

opportunities. The "National Tourism Strategy" also helps to grow this sector by generating over a million new jobs and increasing the target number of visitors from 100 million to 150 million by 2030G. These efforts are further

bolstered by the implementation of several significant projects, such as the state's construction of the largest airport, largest hydrogen and ammonia complex, and largest complex for maritime industries.

One of the goals of the Saudi Vision 2030 is to diversify the economy and increase the base of income. As the Kingdom's Vision 2030 aims to:



Regarding fuel stations, this sector is anticipated to expand in light of the nation's growing population, rapid economic development, and rapid economic growth. Fuel stations are anticipated to improve nationwide due to the rising demand on car fuel. In order to establish channels of communication between the two organizations in the fuel station industry, the Saudi Ministry of Energy and the Small and Medium Enterprises General Authority (Monsha'at) have inked a cooperation agreement to arrange franchising services. As a result, this will make it possible for entrepreneurs and investors to acquire commercial franchise rights from establishments that are approved to manage and operate fuel stations. In turn, this will improve the quality of services rendered, magnify added

value, address economic difficulties, guarantee supply security in the sector, and offer advisory and training services and programs to assist the commercial franchise parties. All things considered, SASCO has benefited from the transformation in Saudi Arabia's fuel station sector from an unorganized to an organized enterprise. Undoubtedly, a significant portion of the fuel stations in the Kingdom in the past were non-organized, having previously been run by individuals. However, the enactment of laws pertaining to fuel stations, service centers, and qualification certificates has eliminated these establishments from the market, forcing their owners to run their businesses through qualified businesses. SASCO, as a qualified company, has taken over

new sites on highways or in cities across the nation. Furthermore, the Company has profited from growth factors such as the rising rate of travel and tourism (since SASCO network covers the entire Kingdom, including Hajj areas), as well as the expansion of the Company's network and higher fuel profit margins. The Company has also profited from the rise in asset value and cost efficiency that followed the acquisition of "Naft". In 2023G, SASCO has acquired numerous sites throughout the Kingdom after a committee made up of experts from different departments studied the same. In keeping with its new identity, the Company has opened numerous sites and expanded its existing sites.

Our Business Model Quality, Diversity and Integration

SASCO seeks to be the first services, management of stations, company (in terms of quality and the rest houses, motels and quick service integration of services), and to be centers in the Kingdom. SASCO to win the customer satisfaction and a role model in car and equipment further aims to provide its customer further stress the added value.

Our Core Strengths

Robust Financial Indices	Human Capital Strength
<ul style="list-style-type: none"> Assets at the Amount of SAR 5,964.21 Million Revenues at the Amount of SAR 9,112.93 Million (The highest in the Company's history) Net profits at the Amount of SAR 105.49 Million 	<ul style="list-style-type: none"> 3717 Employees Of which 3.9% are Women Saudization Rate 13.61%
Partners in Achieving the Kingdom's Vision 2030G	Innovation Strength
<ul style="list-style-type: none"> Developing EHS performance in addition to boosting skills and talents of our employees. Developing the quality of life in all our sites in accordance with the Kingdom's Vision 2030. Our Community shall become more efficient by relying more on digital payments 	<ul style="list-style-type: none"> Launching SASCO Academy in Partnership with 5 International Platforms. Equipping Mobile Fuel Stations according to the Latest Specifications. Automating 292 Stations with Automation System. Launching Self-fueling Services at 56 Sites

Operational Excellence



SAR 5,964.21 Billion - Size of Assets

Value Generation Mechanisms



Our Shareholders

- SAR 1.76 Share Profitability in 2023G
- SAR 30 Million as Dividends Distribution during H1 2023G

Our Clients

121K Customers on SASCO Application

Employees

"Best Place to Work Award"

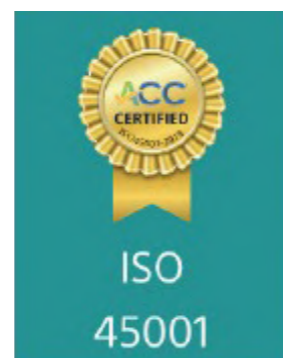
More than 10 Main Courses have been provided in 2023G

Our Target is to provide 15 Main Courses in 2024G.

Our Community

- Agreements were signed with student clubs in universities for the sake of launching initiatives and contests to develop the student skills and qualify them for the labor market including a review of the business challenges to present studies and ideas and honor winners, with the possibility of offering job opportunities at SASCO Leaders Program.
- Academic scholarships for the most needy orphans and payment of all tuition fees until graduation in the field of cybersecurity, with the provision of a job opportunity at SASCO Leaders Program upon graduation.
- Obtaining ISO certifications in quality management systems, environmental management system and the occupational health and safety management system.

We Have Been Awarded a Certificate in the Occupational Health and Safety (COHS) as the First Company to Obtain this Certificate in the Stations Sector.



Our Strategy

Previous Strategy "Successive and Integrated Achievements, Trust that Supports Sustainability"



During its 2019G-2023G strategic plan, SASCO persisted in pursuing development and expansion, achieving numerous triumphs and achievements that bolstered its trajectory and bolstered customers' confidence. Furthermore, following its expansions, the Company was still able to maintain strong performance and increase its market share to 5.6%. The culmination of these efforts was winning the "Best Place to Work" title in the last year of SASCO strategic plan. Regarding the processes sector, over three years, SASCO succeeded in achieving its five-year plan. Furthermore, SASCO strives constantly to deliver excellent services and to keep its competitive edge. In five years, the Company acquired 131 new sites that were added

as operating sites, in addition to concluding contracts for 107 sites, that are not received yet, which brings the number of sites acquired to 238 sites, noting that the number targeted from the plan has been exceeded in 2021G. SASCO has continued to develop existing and acquired sites according to the Company's approved plan in 93% of the sites, in addition to activating the self-service. SASCO signed a new agreement with Aramco in 2019 to receive margins of new added profits. Furthermore, SASCO has developed its future and government sales, increased the number of future sales customers (public security tenders) and boosted sales of stations in three areas. SASCO further expanded its strategic

partnerships with trademarks and made new strategic partnerships to raise the level of service provided (which has been separated in an independent department in 2021G), plus increasing the Saudization rate in the sector. SASCO benefited from the previous plan by working to enhance SASCO market position and continuing its expansion works in services and sites network in addition to constantly developing and boosting the quality of services provided. Over the upcoming years, SASCO shall continue to expand sites, take over new sites, provide excellent services and boost the Company's competitive stance.

In the following part, we shall track achievements achieved during the previous five years at the level of the Company, while foreseeing some goals to be achieved in the future during the coming period.

SASCO Palm

- | | |
|--|--|
| <p>Achieved:</p> <ul style="list-style-type: none"> ▶ Enablement of Smooth Integration <ul style="list-style-type: none"> ● Enhancing leadership / pioneering in the retail sector. ● Robust commercial growth and wide reach in the Kingdom. ● Adopting an operations-oriented problem solving approach. ● Digital transformation - linking points of sale directly to the financial system. ● Increasing awareness of the trademark (in the consumer's mind). ● Enhancing the self-payment service. ● Promoting customers' experience. ● Successfully launching a new identity for each of "SASCO" and "SASCO Palm". ● Moving the HQ to a new location (bigger and better space for internal customers). ● Adopting a long-term planning strategy that helps us to put a five-year business plan. ● Laying down IT and digitization strategy to ensure smooth integration via various business functions. ● A strong basis has been laid down to build an effective business structure. ● Developing standard operational measures to effectively enhance service for both internal and external customers. ● Digital transformation contributed to taking quicker and better information based decisions. | <p>We Aspire to:</p> <ul style="list-style-type: none"> ▶ Expand with Diversity while Maintaining Leadership <ul style="list-style-type: none"> ● Customer Loyalty cards to be launched in 2024G. ● Continuing revenue growth. ● A sustainability-based profit model. ● Increasing the number of stores and acquiring a better negotiating power to our commercial team. ● New strategic partnership with main employees in the fresh category. ● Expansion and growth (opening 50 more stores in 2024G). ● Enhancing the customer experience (loyalty cards, new store identity, diversity of products). ● Providing self-payment options in stores. ● Marketing materials inside stores (new signage, price tags). ● New coffee shop partner. ● Launching a bakery branch inside the store. ● Enhancing capabilities and productivity of employees. ● Strengthening operational standards for a better growth and better customer experience. ● Enhancing the ability of central warehouse to serve moresites. ● Reducing costs in a purposeful and effective way. ● Enhancing inventory management. |
|--|--|

Ostool Al Naqil Company

- | | |
|---|--|
| <p>Achieved:</p> <ul style="list-style-type: none"> ▶ Revenues Increase to Face Expansions <ul style="list-style-type: none"> ● Expanding and diversifying the Company activities to meet the needs of a larger category of major customers (fuel transportation - transportation of refrigerated goods - docks for dry goods transport - docks for vehicles transport). ● Providing high quality top of the notch transportation services. ● Increasing revenues of fuel transportation by 5% per annum to meet future expansions of the stations sector. ● Increasing revenues of docks and other activities by 105%. ● Adopting a long term planning strategy helped us to lay down a five-year work plan. ● The digital transformation helped us take quicker and better decisions through an accurate data analysis. | <p>We Aspire to:</p> <ul style="list-style-type: none"> ▶ Continue Growth while Enhancing Services <ul style="list-style-type: none"> ● Pursuing revenue growth. ● Enhancing the service quality. ● Diversifying the Company activities ● Increasing the revenues from the transport of fuels, docks and other activities by 10-20% per annum. |
|---|--|

SATA

- | | |
|---|--|
| <p>Achieved:</p> <ul style="list-style-type: none"> ▶ Diversity in Sources of Income: <ul style="list-style-type: none"> ● The Club managed to overcome the COVID pandemic effects, which directly affected the financial performance and the ability to achieve five-year plan objectives, since the business is related to the international trade and tourism sectors. ● TIR Carnets have been issued, and clearances were processed over the last period which diversified the Club's sources of income. ● Over the last year, resuming the issuance of TripTik to the Republic of Yemen has enhanced the public income and increased sales to unprecedented levels over the past years. ● In 2023G, the customer service was enhanced and the Company has increased more on enhancing the customer experience and the level of services provided by the Club to the public. ● The Club has concentrated its efforts on diversifying the sources of economy by adding activities of selling TIR carnets and clearances which directly led to diversifying sources of income and put the Club back on the international logistic map as a provider for the service of customs guarantee for the activity of road transport. | <p>We Aspire to:</p> <ul style="list-style-type: none"> ▶ Benefit from the Government Directives: <ul style="list-style-type: none"> ● Supporting the State directives with regard to abiding by the TripTik system and registering as a club that guarantees custom fees. ● Expanding the scope of business to include customs clearance activities. ● Providing services complementary to the TIR carnets to create an attractive environment for additional activities plus the main activity. |
|---|--|

First Palm Company

- | | |
|---|---|
| <p>Achieved:</p> <ul style="list-style-type: none"> ▶ Enhancement of Maintenance and Project Services <ul style="list-style-type: none"> ● Being 100% independent from SASCO. ● Entering strong external competitions with well-reputed companies in the market. ● Being classified as a government construction and maintenance contractor. ● Establishing maintenance, advertising and promotion workshops. ● Obtaining agencies for international stations equipment and construction materials. ● Enhancing the maintenance and projects services and then raising the level of service to 90%. | <p>We Aspire to:</p> <ul style="list-style-type: none"> ▶ Expand with Costs Reduction <ul style="list-style-type: none"> ● Reducing SASCO construction and maintenance costs, and continuously seeking latest technologies in the field of construction materials and power productions to enhance the sustainability of SASCO projects and reduce operational costs. ● Expanding activities of contracting works and special agencies of fuel products, construction materials and electric chargers - by looking for suppliers and agencies of high quality products, using the same in the Company's stations and market them abroad. ● Providing the optimum service to SASCO group. ● Expanding the expansion and operation of chargers of e-vehicles as an additional product provided by SASCO to its customers. |
|---|---|

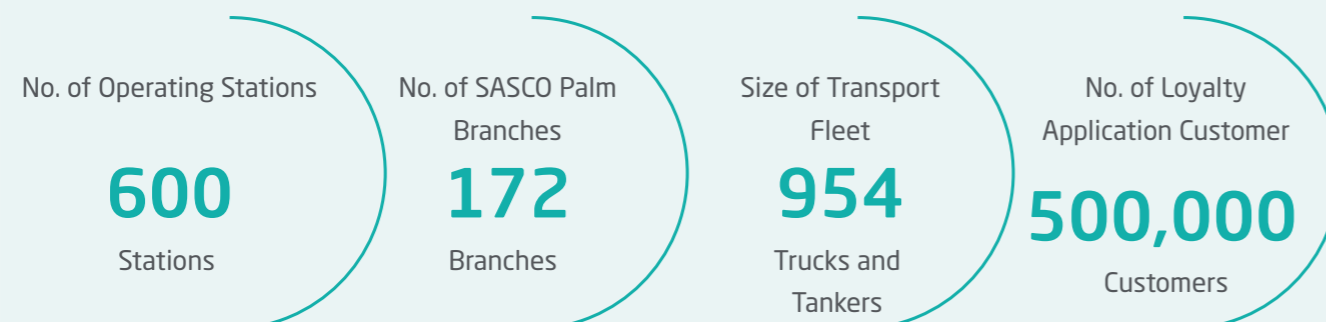
Our Future Strategy

"Leadership Vision in Sustainable Growth, Innovation and Excellence in Services"

The Company's General Approach Regarding the Approved Strategy
 The Company's general approach regarding its upcoming strategy centers around three main areas; namely sustainable growth, innovation and excellent services. Such approach expresses the Company's commitment to attaining a sustainable growth, developing new and innovative solutions and providing top-notch services that far surpass the expectations of our customers. Through such vision, the Company enhances its leading position in the market, thus securing its continuity and future growth.



Some Rates and Figures Targeted by the End of 2024G:



More Details about 2024G Objectives:

In light of the market analysis and the anticipated challengers, the strategic objectives and targets of 2024G have been identified as follows. Such objectives are generally regarded as key steps that shall contribute to the achievement of success, leadership and sustainable development in the market over the upcoming years.

- **Pacing up Decentralization:** Reducing costs and enhancing profitability.
- **Enhancing Financial Efficiency and Sustainability:** Promoting the Company's financial efficiency and ensuring the continuity of business and sustainable growth.
- **Geographic Expansion and Acquisition:** Increasing market share, establishing a wide stations network and developing infrastructure through strategic partnerships and acquisitions.
- **Developing Transport and Alliances by Building Strategic Partnerships:** Expanding services, enhancing the Company's ability to fulfil the customer needs, and being on the look for new strategic partnerships to expand the scope and increase the Company's competitive ability.
- **Continuing Development and Enhancement:** Constantly developing operations and enhancing services to pace up with the latest market developments.
- **Concentrating on Customer Satisfaction through the Provision of Value Added Services and the Development of the Comprehensive Quality Level:** Enhancing and developing the current locations to provide unique services to the customers, while boosting services and obtaining international quality certificates in order to increase customer satisfaction and generate more revenues. This shall in turn enhance the customer experience and lead to the provision of high quality services to raise customer loyalty and satisfaction.
- **Enhancing Productivity and General Efficiency through the Employment of Efficiencies and Modern Technologies:** Increasing productivity and enhancing the general efficiency of processes in order to reach high performance levels, benefit from administrative experienced efficiencies and apply modern technology. All of which shall maintain the Company's leading position in terms of applying modern technologies to enhance efficiency and ensure customer satisfaction.
- **Focusing on Social Responsibility:** Increasing investments in social initiatives and boosting the Company's compliance to social responsibility by supporting the community and environment.



Future Outlook and Aspirations for 2024G

SASCO has a great chance to grow all facets of its operations, as the Kingdom's Vision 2030 draws to a close, including the number of station locations and catering, which will boost sales and add value for its shareholders. Generally speaking, the Company's operational activities enjoy a promising future. In light of the requirements of fuel stations and service centers issued lately, the Company has a viable chance to expand in its stations. Therefore, Ostool Al Naqil will increase its fuel transportation activities and shall buy a new fleet of trucks and trailers. Also, the sites of SASCO Palm are more likely to expand inside and outside the Company's stations, specially the operation of the airport hotel (2) which is optimally positioned on King Salman Road.

Furthermore, there is no question that the international events the Kingdom is hosting or plans to host will have a positive impact on the Company's sales and revenues, which will increase its solvency.

There is no denying the strength of the Kingdom's economy, which allows

it to influence external crises without experiencing the same effects. Leading the fuel station sector in the Kingdom, SASCO has not been impacted by the natural disasters or geopolitical upheavals that occurred in 2023G. It is noteworthy to mention here, though, that the political unrest in Sudan has had a direct impact on TripTik sales to the Republic of Sudan, in addition to the escalating global interest rates. We may safely say that the diversity of the Company's investments is one of the Company's investment core advantages. For example, it is through the Auto Investment that the Company independently manages its investments to diversify the Company's sources of income, to efficiently and effectively manage its operational and investment operations. The Company also invests in the Middle East Battery Company (MEBCO) and National Company for Tourism (SYAHYA), in addition to the use of its available cash flows in banks investment portfolios. In SASCO, we do realize the importance of achieving the Kingdom's Vision through the provision of effective and

sustainable services to our customers in general and specifically to the guests of Allah. This can be achieved through balancing between the expansion and the provision of excellent services. We constantly seek to achieve the highest quality and efficiency in all aspects of our business. We believe that innovation and constant enhancement are the key to excellence in a constantly volatile environment. In this respect, the Company obtains in 2024G contracts that are related to the services provided.

It would be of worth here to note that tourism and mega projects have a direct effect on the increase of demand on fuel, and thus, we need to expand our fuel stations network. Such projects further affect the pattern of fuel distribution with a special focus on touristic areas. Let alone their indirect effects, including the enhancement of the infrastructure like roads and means of transportation. Touristic products boosts the Kingdom's reputation, thus increasing the number of visitors, which in turn increases the demand on fuel services. Mega projects generally

enhance the local economic conditions and lead to increasing the quality and diversity of revenues from various sectors, including the fuel services sector.

The Company anticipates strong competition from qualified companies that are on the verge of entering the fuel services sector. Some of which already started which requires us to expand the scope of services provided so as to include additional services to meet the holistic needs and aspirations of customers, to further maintain SASCO leading position in the market. Such is our strategic direction, by which we work to achieve the Kingdom's Vision through working on special objectives regarding the development and innovation of the oil products market, the establishment and management of an effective distribution network and the provision of a quality that meets customers' requirements. This shall in turn contribute to attracting and maintaining customers while abiding by the quality and safety, which shall lead to boosting the customer confidence, organizing internal

operations, enhancing efficiency while reducing costs.

Obtaining the ISO certification for integrated management systems, which is somewhat rare for a company to obtain three certifications together; namely the quality management system 9001, HSE management system 45001 and environmental management system 14001, has given us a better understanding of customers' needs, and allowed us to design and create better means of competition like SASCO application, mobile fuel stations, self-fueling services and other services. At the same time, this led us to activate training for employees and workers, hold lots of training courses, meet requirements of supervisory authorities and provide the top quality safety, alarm and fire-fighting systems according to the highest standards. To enhance the above in 2024G, we are keen to achieve the quality, safety and environmental objectives, measure KPIs, continuously enhance the use of technology and the system automation and review suppliers, which shall reflect on applying the items of

specifications to the quality of services and operations.

Our attention is not only limited to our customers, it further includes our employees, being the source of our progress. More than 10 basic courses have been provided in 2023G, as we aim to present 15 basic courses in 2024G. Meanwhile, the HR Department is automating measures in order to relatively/quantitatively/timely measure the level of achievement and employee services.

In 2024G, SASCO intends to continue advertising campaigns of SASCO application to reach 500 thousand customers, increase international licenses sales by no less than 100%, compared to the previous year and build a data base to communicate with at least 300 thousand customers. The Company aims to market "Control" program, contribute to the increase of sales by 100% and contribute to marketing the car wash centers with the aim of raising sales and supporting the operations sector for the sake of achieving the Company's overall objectives.



Main Activity of the Company and Subsidiaries

First - Operations Sector

SASCO pays great attention to its stakeholders. The Company, represented by its Board of Directors, is keen to maximize profits and increase revenues, and thus to continue distributing profits to shareholders on a regular basis, whether those dividends are interim or annual. SASCO has also focused on building strategic relationships and partnerships with its suppliers. This approach has been reflected in dealing with its customers, leading to an increase in their number and diversity, especially after the launch of SASCO application. This application grants loyalty points to customers, which enables them to use these points in various activities of the Company. The diversity of revenues and

sales resulting from the diversity of the Company's business reduces the risks of a single activity, and provides the liquidity necessary to manage the different activities. The Company has fuel sales, revenues from real estate and SASCO Palm, revenues from transportation fleet, revenues from sales of customs transit books, international driving permits and TIR carnets, in addition to the return from its diverse investments in sister companies. It is well known that the Company operates in a vital logistics sector. During 2023G, the Company acquired many sites in different regions of the Kingdom after studying them through a specialized committee composed of different departments. The Company also established many sites, as well as developing existing ones in line with its identity. It is

worth noting that the Company launched its new identity during its celebration of the 40th anniversary of its founding in October 2022G. This requires the development of all its sites to match its developed identity. Our strategic direction is to achieve the Company's vision by achieving specific goals for development and innovation in the petroleum products sale market, building and managing an effective distribution network, and providing quality that meets customer requirements. This contributes to attracting and retaining customers through a commitment to the quality and safety, which enhances customer confidence and organizes internal operations that contribute to improving the Company's efficiency and reducing costs.

Number of Vehicles that Received Services from the Company Reached about 71 million Vehicles in 2023G, Compared to 66 million Vehicles in 2022G.

The Operations Department manages all gas stations in the Kingdom, which are included in the following services:

- 

Fuel Services
- 

Restaurant Services
- 

Pilgrims' Services
- 

Lease Sector
- 

Hotels and Motels Services



The transformation of gas stations into an organized trade has contributed to improving transparency and organization in this sector, as it has provided a more systematic and organized environment for companies and consumers. It encourages improving the efficiency of managing and operating gas stations, in addition to improving the quality of services and products provided and benefiting from clear laws and regulations, which leads to expansion and spread in the current form.

The Company expects strong competition from qualified companies preparing to enter the fuel services sector, some of which have already started. This requires from the Company to expand the scope of services provided to include additional services that meet the needs and aspirations of customers in a comprehensive way, as is the case with SASCO leadership.

In general, continuous development and improvements to services are part of a corporate strategy to remain competitive and meet customer expectations. These improvements may include introducing new payment solutions, improving fuel efficiency, and offering innovative services such as

electric charging services and providing alternative fuels.

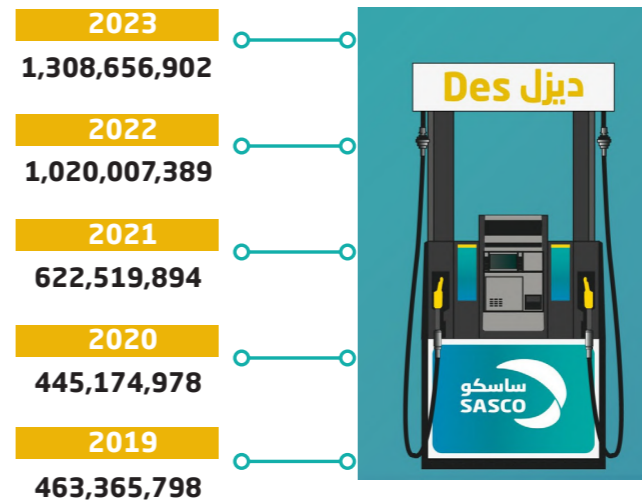
SASCO has started implementing its comprehensive developed identity, which reflects the Company's strategy in the services provided at the stations' service centers. This strategy involves providing a comprehensive service of petroleum products, and varied to provide all customer requirements such as hotel services, restaurant and accommodation services, supermarket and cafe services and entertainment venues. In addition to success partners from international and local companies for well-known brands to provide the best service and quality, which delivers a strong and clear message that expresses the values and goals of the Company.

The Company has achieved positive results in implementing its strategic plans, which were set to achieve a set of goals, improve overall performance, and achieve quality. The Company has witnessed an improvement in the level of quality and customer satisfaction. The Company has successfully expanded geographically, while maintaining its financial status and position, and increasing its profit growth rate.

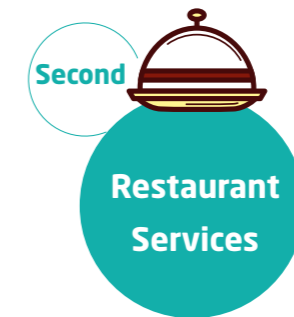
The wise government has directly set fuel

prices, and it subsidizes prices to maintain the stability of the Kingdom economy while maintaining the profitability rate of station companies, which has a direct impact on the Company's ability to move forward in achieving its strategic goals.

One of the positive aspects of the fuel station business is the State's clear focus on major projects in general and tourism projects in particular. These projects support the increase in demand for fuel and thus the expansion of the fuel station network. National projects affect the pattern of fuel distribution, so the Company focuses on tourist areas, and this is one of the aspects of direct impact. As for the indirect impact, it results from improving the infrastructure, such as roads and transportation. Tourism projects enhance the Kingdom's tourism reputation and attract an increasing number of visitors, which means a greater demand for fuel services, and thus an increase in the number of stations. Mega projects contribute to improving the local economic situation and lead to enhancing and diversifying revenues in various sectors, including the fuel services sector.



Joining of Naft in 2022

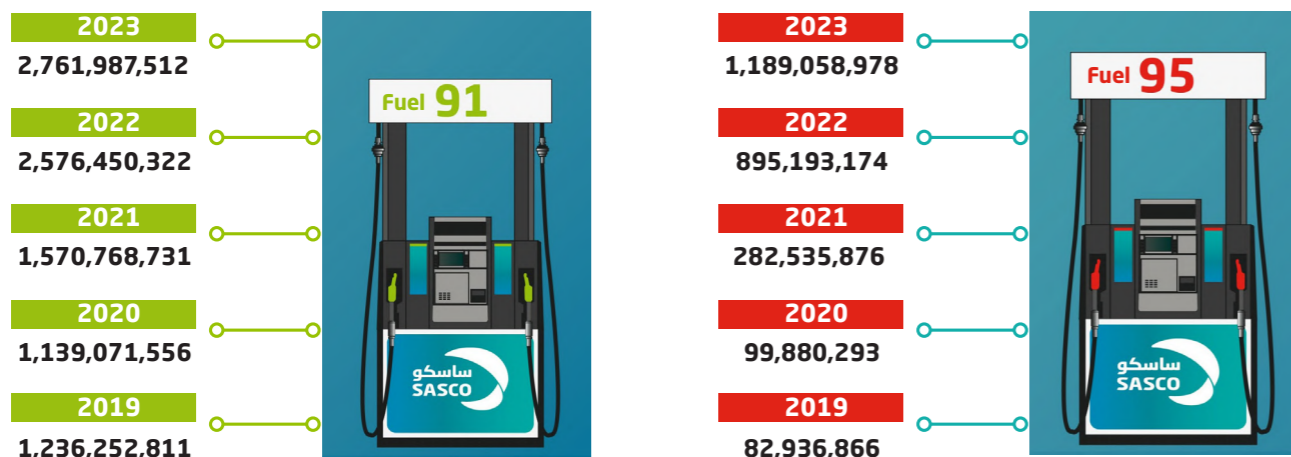


SASCO is distinguished as a pioneer in the restaurant management field, and further advance and develop the restaurant services, rest houses, and station restaurants sector in the Kingdom. SASCO advanced strategy aims to attract top companies specialized

in restaurant management to run SASCO facilities, thus leading to improve service and provide a unique experience to enhance customer satisfaction. In line with the Company's strategy, SASCO has concluded several agreements with companies

specialized in developing restaurant services that would offer their expertise in SASCO sites inside and outside cities, as well as on border checkpoints, in such a way to provide appropriate services that cater to the tastes of all SASCO customers.

Information Chart of the Number of Liters Sold (SASCO and Naft)



The Operations Sector leases businesses and commercial activities through competent departments in all regions, such as restaurants, automotive repair shops, oil and tire change services, and other businesses that provide services to customers and travelers, to third

parties to manage. SASCO has continued to sign strategic partnership agreements with numerous international and local enterprises that would manage specific SASCO site facilities, provided that these enterprises specialize in

operating restaurants, cafés, or automotive repair shops. Such partnerships positively impacted providing high-quality integrated services to customers, leading to greater customer satisfaction in SASCO sites all over the Kingdom.

Fourth

Hotels and Motels Services



The management of all motels across the Kingdom falls under the Operations Department. A plan has been made to improve the profitability of the Super 8 Hotel, and work is currently underway to prepare Best Western Airport Hotel for opening during 2024. On the operational side, Super 8 Hotel's performance improved by the end of 2023G, achieving a number of accomplishments, including:

- Occupancy rate was 58%
- Average room rate above budget by 28%.
- Revenue per available room is above budget by 19%.
- In 2023G, the Hotel achieved its highest net profit since opening, with a value of SAR 769,000, with a growth rate of 24%, which is 39% higher than the target.
- Super 8 Riyadh Hotel Achieves the highest net profit over the last years.
- Super 8 Riyadh Hotel by Wyndham ranked third among Wyndham Hotels in the Middle East for Most Effective Wyndham Rewards Loyalty Program.
- Completion of the construction and equipping of Best Western Plus Airport Hotel, opening at the end of 2024G.
- The number of guests reached 13,851 during 2023G, with an increase of 11% over 2022, due to:
 - Renovations of the Super 8 Hotel.
 - Providing services that meet the requirements of guests.

Super 8 Hotel Achieved its Highest Net Profit Since its Opening 769,000

769,000

with a Value of SAR, at a Growth Rate of

24%

which is Higher than

39%

the Target

Super 8's Competitive Position (according to competitors mentioned by Wyndham)

	Super 8 Hotel	Competitors	Super 8's Share of Competitors
Occupancy Rate	57%	69.70%	81.60%
Average Rom Rate	81.38\$	139.09\$	58.5\$
Revenue per Available Room	46.33\$	97.01\$	47.8\$

Fifth

Pilgrims' Services

We recognize the importance of contributing to the Kingdom's vision, which aims to provide effective and sustainable services to the pilgrims. At SASCO, we work on this by creating a balance between expansion and providing excellent services, and we strive to achieve high quality and efficiency standards in every aspect of our work.

We believe that the innovation and continuous improvement are the key to the excellence in a changing environment. In this context, the Company is obtaining contracts in 2024G related to Hajj services. The previous experiences we have gained in serving the pilgrims, which are an integral part of our identity thanks to our professional and committed team, and we have succeeded in building a strong reputation for providing excellent and effective services. We are also strengthened by our commitment to the highest standards of quality and safety, which distinguishes us in this competitive market.

An exclusive contract was signed to provide the services of one of the important major security sectors for pilgrim services for 2023G. We also annually host pilgrims' convoys and meet all their needs of restaurants and rest stops. Furthermore, and in cooperation with the Ministry of Health, mobile clinics are provided at the stations, and a camp is set up for pilgrims to rest, and distribute drinks and snacks during the Ramadan season.

With the increase in the number of tourists, especially in the Hajj areas, and also the participants in social events, the demand for fuel is expected to increase to meet the needs of transportation and

travel throughout the Kingdom. SASCO is expanding its services to meet the needs of tourists, such as providing additional services like retail stores, restaurants, and recreation facilities. It also benefits from the focus on tourism through targeted marketing campaigns to attract visitors to its gas stations.

SASCO is cooperating with the tourism sector to provide shared services and special offers to tourists by participating in various tourism and social events. With great pride and honor, and for having an exclusive contract to provide services to the main security sectors for pilgrim services for 2023G, we are honored to be a partner in this great effort, which serves the pilgrims. This effort is represented in providing the highest levels of service and security, which ensure the safety and comfort of pilgrims during their stay in Saudi Arabia. We look forward to strengthening this partnership and achieving mutual successes in the future.

In light of the wise State's expansion of mega road and transportation projects to create new roads to serve the guests of the Kingdom, the Company has actually signed agreements for new locations to provide its services on those roads, to be the first leader in covering the new roads. SASCO is constantly working to provide a variety of unique services. Such services include the mobile fuel station service, and providing payment solutions and smart services from smart and convenient payment methods for pilgrims. These solutions include electronic payment and mobile phone applications, to improve the speed and ease of payment operations and develop and improve the environment

of fuel stations to meet the needs of pilgrims, such as providing comfortable waiting areas, providing cleaning, comfort and environmental sustainability services. In addition to moving towards environmentally friendly fuel stations, using renewable energy technologies and environmental protection technologies. The Company also works on effective communication with pilgrims by improving and strengthening the means of communication, whether through social media platforms or internal communication systems in stations. This aims to understand pilgrims' needs, meet their expectations, and enhance safety and security in stations to ensure the protection of pilgrims and provide a safe environment.

The Company is keen to train and develop employees in dealing with visitors to the Two Holy Mosques in an effective and professional manner. At the same time, SASCO is working to expand the search scope for opportunities to expand the scope of providing fuel and services to include more areas of religious and tourist importance.

Mega projects in general and tourism projects in particular have a direct impact on the pilgrims' services sector, as the increase in numbers supports the increase in consumption, and thus enhances the importance of expanding the establishment of new stations.

SASCO provides pilgrims' services through its rest houses and fuel stations located at Saudi border checkpoints, and through the network of SASCO sites that covers all highways, particularly those linking the two holy cities of Mecca and Medina.

Subsidiaries

SASCO Palm Co.

By the end of 2023G, the total number of sites in which the Company operates reached 128 sites (120 Palm sites and 8 Wayne's Coffee sites).

Important Achievements during the Past Five Years at the Company Level:

- 1 - More than 50 sites have been opened over the past five years (inside SASCO, NAFTA, Aldrees, and ACDelco stations).
- 2 - Establishing a central distribution center (warehouse) in Riyadh.
- 3 - Exclusive partnership with Rugove Water as the official distributor in Saudi Arabia.
- 4 - Gaining franchise for Wayne's Coffee.
- 5 - Agreement with four online operators (Toyo, Jahez, Mrsool and Hungerstation).
- 6 - Agreement with major suppliers.
- 7 - Creating items with a special label for SASCO Palm (43 items).
- 8 - Developing a new identity for SASCO Palm.

The Company Plans to Expand SASCO Palm to Reach 400 Sites within the Next Five Years.



Geographical Distribution of the Sites Where SASCO Palm Operates:

South	North	West	East	Central	+Wayne's Coffee	Total
5	20	27	16	52	8	128

Number of the Company's Customers at the End of 2023G (in mln):

2022G	2023G	%
10.882	12.126	11%

The Company's Financial Statements by the End of 2023 (in SAR):

Direct Revenues		Direct Costs		Total Income		Number of Branches	
2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G
224,867,780	246,491,117	217,740,631	234,322,444	7,127,150	12,168,673	91	128

Geographical Distribution of the Company's Revenues (in SAR):

Central Region		Northern Region		Southern Region		Eastern Region		Western Region	
2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G
137,799,762	146,185,716	16,270,159	23,597,843	5,920,253	7,970,254	27,157,890	21,852,342	37,719,717	46,884,962



SASCO WAHA Co.



Important Strengths of the Company:

- Super 8 by Wyndham is a well-located Hotel, near King Khalid Airport and Riyadh Front.
- Work is underway to prepare the Best Western Plus on King Salman Road.
- Central Reservation Site (CRS).
- Renovation of the Super 8 Hotel with the highest hotel standards.
- Distinguished team.
- A site secured with cameras.
- Diverse spacious rooms.
- Comfortable room rates to attract the largest number of customers.

Important Achievements during the Past Five Years at the Company Level:

- Renovation of the Super 8 Hotel.
- High occupancy rate.
- High average room rate.
- Development of hotel facilities.
- Work is underway to open the Best Western Hotel by the end of this year.

Ostool Al Naqil Co.

Ostool Al Naqil Co. has managed to strengthen its operational business by providing all the work equipment, including trucks and tankers. The Company provides fuel and water transportation services to SASCO stations. In addition to the possibility of transporting fuel to several major companies, subject to the approval of Saudi Aramco standards, which allows the Company to acquire an additional market share from transporting, supplying, and selling petroleum products and their derivatives. Besides, the transportation of equipment and goods, dry and refrigerated transportation for a fee on land routes inside and outside the Kingdom, and renting trucks and trailers to third parties, under contracts that comply with the standards and requirements of the Saudi Transport Authority. Specialized transportation was also provided for transporting small vehicles and road assistance. The Company boosted its fleet size in 2023G to reach 225 trucks, compared to 209 trucks in 2022G, with an increase of 23 new trucks, which is equivalent to 77% of the targeted 30 trucks. It is worth noting that there were 7 trucks sold and depreciated. The number of trailers reached 249 trailers, compared to 212 trailers in 2022G, with an increase of 39 new trailers, which is equivalent to 95% of the targeted 41 trailers. It is worth noting that there were 2 trailers sold and depreciated.

Important Financial Statements of Ostool Al Naqil Co (in SAR):

Direct Revenues		Direct Costs		Total Income		Number of Branches	
2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G
45,227,351	51,380,169	34,457,706	41,950,010	10,766,460	9,430,159	5	5

Geographical Distribution of the Company's Revenues (in SAR):

Central Region		Northern Region		Southern Region		Eastern Region		Western Region		Al-Qassim Region	
2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G	2022G	2023G
13,390,051	14,662,318	337,040	55,250	1,467,910	2,544,810	7,230,975	7,420,260	12,848,544	14,595,958	2,277,424	2,911,920

The Saudi Automobile and Touring Association - SATA

By the end of 2023G, the total number of sites where the Company operates reached 6 sites. SATA is working on expanding its business by selling its products through its branches, international travel and tourism agents, and business partners in digital marketing, in terms of the international driving permits and customs transit book. SATA is also opening new branches, serving the spread of relatively new products, such as the TIR carnet and customs clearance. A new branch will be established in Jeddah for this purpose, and other branches will be opened in the Al Khafji and Al-Haditha ports.

Important Achievements during the Past Five Years at the Company Level:

- 1 - In 2023G, reissuing the customs transit book for the Republic of Yemen, which had a direct impact on revenue.
- 2 - In 2022G, obtaining a customs clearance license, and opening a branch at Al Bat'ha border crossing to start customs clearance operations.

Geographical Distribution of Ports Operated by SATA

Total	Riyadh	Jeddah	Tabuk	Dammam	Al Bat'ha
6	2	1	1	1	1

Number of Customers in the Retail Sector is

32,822

while Number of Customers in the Business Sector is

292

The Company's Core Strengths are:

- 1- A strong financial position that supports the growth.
- 2 - Exclusive sale of the International Road Transport carnets "TIR" in the Kingdom, with a rising increase in sales at the end of 2023G.
- 3 - Favorable business growth in the sale of customs transit books in the Republic of Yemen sales sector, which has been re-operated since the beginning of the year.

Auto and Equipment Investment Company

SASCO established the Auto and Equipment Investment Co. to provide the infrastructure, human resources, and expertise necessary to manage SASCO investments independently and impartially to increase SASCO sources of income and enable it to manage its operational and investment processes efficiently and effectively. Auto and Equipment Investment Co. is a limited liability company with capital at SAR 500,000 divided into 50,000 cash shares at the value of SAR 10 per share and SASCO owns 100% of the company's shares.

Important Investments

Company Name	No. of Stakes	Nominal Value per Share	Total	% of Ownership
Middle East Batteries Company (MEPCO)	1279	5,750	7,354,250	12.79%
National Company for Tourism (SYAHYA)	3	500,000	1,500,000	0.36%
United Racing Company	125	1,000	125,000	25%
Investment Funds - Osool and Bakheet Fund			10,000,000	

Stakes in Middle East Batteries Company (MEPCO) registered in the name of Auto and Equipment Investment Co. Remaining stakes in other companies registered in the name of Saudi Automotive Services Company (SASCO).

Volume of Dividend Distributions from Auto and Equipment Investment Company, as of the End of 2023G

	2022G	2023G
Companies Investments	2,373,600	6,202,549
Securities Investments	1,255,014	-

Important Investment Portfolios in which Auto and Equipment Investment Company Operates

Company Name	Amount Allocated for Investment	Investment Amount as of 31/12/2023G	Accounting of Investment
Osool and Bakheet	10,000,000	13,871,662	Other Comprehensive Income

First Palm Contracting Co.

First Palm Contracting Co. provides operation, maintenance, and cleaning services for SASCO sites to improve customer service quality. The Company cooperates with contractors and competent authorities to develop and oversee several SASCO sites.

First Palm Co. specializes in:

- 1 - General contracting for buildings (construction, repair, demolition, and restoration/ renovation).
- 2 - Constructing, managing, maintaining, and operating residential and commercial buildings.
- 3 - Road works.
- 4 - The Company also supervises the construction and development of some stations established and developed by the owners.

First Palm Co. continues to invest great efforts in establishing and developing different SASCO sites, with many service sites located on Khurais Road in Riyadh.

Important Financial Statements of First Palm Contracting Co. (in SAR):

Direct Revenues		Direct Costs		Total Income	
2022G	2023G	2022G	2023G	2022G	2023G
11,663,000	13,908,714	3,763,696	4,910,980	7,899,303	8,997,734

SASCO Franchise Co.

SASCO Franchise Co. was established to grant franchise rights to third parties, aiming to establish and manage fuel stations under the SASCO brand. Prior to the launch of SASCO Franchise Co., SASCO launched the commercial franchising program for the two brands "SASCO Fuel Stations" and "SASCO Palm Convenience Stores". Through granting the franchise to other operators, SASCO aims to create new investment opportunities for the Company and increase its revenues and profitability. Granting franchises to third parties also falls within the framework of SASCO strategic policies. Furthermore, SASCO Franchise Co. creates real opportunities for citizens to take part in leading projects in line with the Kingdom's vision and direction. SASCO has granted a limited, non-exclusive license to use brand names, trademarks and trade systems. As a franchisor, the franchise agreements specify operational, record-keeping, accounting, reporting, marketing standards, and compliance procedures to promote consistency across the brand. This is done by outlining standards for services, products, signage, fixtures and equipment, among other things, and building a distinctive brand for the services provided by the Company in its sites. Moreover, the Company provides various services and benefits, including centralized systems, advertising and marketing programs designed to increase brand awareness, as well as training of personnel. Most of the leases entail payment of a fixed rental amount plus property taxes, insurance, and maintenance costs. Generally, the leases are for a term of 10 years with options to renew for additional periods or options to purchase the leased premises at the end of the lease period.

North Front Real Estate Co.

North Front Real Estate Co. was established in 2020 to manage and lease owned or leased property, and engage in real estate activities in exchange for a commission. SASCO owns 100% of its capital. North Front Real Estate Co. has not started its effective operations to date.

Naft Services Company

In April 2022G, SASCO acquired 80% of Naft Services Company Ltd. The Company's strategy for dealing with its sites is to maintain all strategic sites with operational profitability, and renew their contracts for the coming years. In 2024G, The Company management also intends to expand by acquiring 30 new sites and adding them to the current network of stations.

Important Strengths of the Company:

The availability of cash which gives greater support to the expansion of the Company's current and future investments. Promoting the name of Naft Services Company in the market, which gives an advantage in the acquisition of stations compared to competing companies. A team with great experience in the field. Support, cooperation and integration with SASCO in all activities, after the acquisition of 80% of Naft Services Company.

Important Achievements during the Past Five Years at the Company Level:

- Expanding the number of stations with high profitability and exiting non-profitable sites. (RFID).
- Improving the Company's profits on an annual basis.
- Increasing the fleet of trucks to 133.
- Converting the legal entity of the Company from a limited liability company to a closed joint stock company.
- Nearly automating the POS systems at gas stations.
- Providing electronic payment systems (points of sale) at all gas station network.
- Availability of special electronic Chips for fueling
- Increasing Saudization rate in key professions and positions, and retaining and training national talents and efficiencies.
- Obtaining and renewal of qualification certificate from the Ministry of Energy.
- Obtaining a certificate of conformity to provide a suitable work environment for people with special needs.
- Obtaining ISO and safety certificates.

Stations and Trucks:

	2022G	2023G
Stations*	236	233
Trucks	93	120

* Exiting some non-profit stations.

Geographical Distribution of Sites Where Naft Services Company Operates:

Central Region	Eastern	Western	Northern	Southern	Total
50	30	56	74	23	233

Information Chart of the Number of Liters Sold (Naft) (Mln Liters)

	Fuel 91	Fuel 95	Diesel
2023G	1,128	452	244
2022G	1,193	387	214

The Company Customers by the end of 2023G:

	By the end of 2022G	By the end of 2023G
Companies - Deferred	1	14
Companies - Cash	103	166
Individuals	1,051	3,503
Total	1,151	3,683



Subsidiaries

The Table below shows a Summary of Subsidiaries (LLCs) and their Founding Status (All of which were incorporated in the Kingdom and operate in Riyadh).

Subsidiaries	Commercial Registration Number	Main Activity	Direct and Indirect Ownership Ratio	
			December 31, 2023G	December 31, 2022G
Ostool Al Naqil Co. <i>(closed Joint Stock)</i> Capital SAR 5 Million	1010283443	Transportation and distribution of water, road transportation of goods, transportation of refrigerated and frozen goods, transportation of goods and equipment, transportation of liquids and gases, and transportation of vehicles.	100%	100%
The Saudi Automobile and Touring Association (SATA) Capital SAR 500,000	1010197186	Subscribing to local and international clubs for cars and motorcycles, associations, local and international organizations concerned with automotive affairs, issuing transit books (carnets), international driving licenses. In addition to establishing, managing, maintaining, and operating car and motorcycle tracks, organizing races and events related to car and motorcycle sports.	100%	100%
Automotive and Equipment Investment Company Capital SAR 500,000	1010284946	Establishing workshops for repairing cars and heavy equipment, service stations for cars and travelers on the main roads between the Kingdom's cities to provide fuel and oil, maintain cars and heavy equipment. Also, setting up rest areas, motels, restaurants offering meals, beverages, refreshments, car washing and lubrication services, importing and selling equipment and tools, constructing roads, and bridges.	100%	100%
First Palm (Al-Nakhla Al-Oula) Contracting Co. Capital SAR 500,000	1010356035	General contracting for buildings (construction, repair, demolition, restoration), and establishing, managing, maintaining, and operating residential and commercial buildings, as well as road works.	100%	100%
SASCO Palm Co. <i>(closed Joint Stock)</i> Capital SAR 500,000	1010302217	Groceries, selling food and beverage retailing in kiosks, markets, grocery stores, refrigerated food stores, frozen food stores, food and beverage distribution centers, and dry food stores.	100%	100%
SASCO WAHA Co. Capital SAR 5 million	1010309488	Hotel hospitality according to the license of the Saudi Commission for Tourism and National Heritage (SCTH).	100%	100%

Summary of Subsidiaries (LLCs) and their Founding Status (All of which were incorporated in the Kingdom and operate in Riyadh).

Subsidiaries	Commercial Registration Number	Main Activity	Direct and Indirect Ownership Ratio	
			December 31, 2023G	December 31, 2022G
Zaiti Petroleum Services Company Capital SAR 37.5 million	1010236767	Retail sale of fuel for cars and motorcycles (gas stations).	100%	100%
SASCO Franchise Co. for Investment and Commercial Development Capital SAR 500,000	1010434138	Providing marketing services on behalf of others.	100%	100%
Amlak Nakhla Real Estate Company Capital SAR 100,000	1010647886	Management and leasing of owned or leased residential properties, management and leasing of owned or leased non-residential properties, and commission-based real estate management activities.	100%	100%
North Front Real Estate Co. Capital SAR 100,000	1010671792	The purchase and sale of land and real estate, zoning, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), commission-based real estate management activities, and real estate registration services.	100%	100%
Naft Services Company Ltd. <i>(closed Joint Stock)</i> Capital SAR 5 million	4030060592	Operation of gas stations and related activities.	80%	80%
Auto Care Co. for Automotive Services (*) Capital SAR 25,000	7009292033	Car washing and lubrication	100%	

SASCO Risk Management

Current and future risks of SASCO activities are associated with multiple factors, comprising operational, legal and economic environment. The Company’s ability to achieve its targets and ambitions is maintained through timely risk identification, assessment and management. The key risks are operational, cybersecurity, market and credit risks. As for the operational environment, risks that the Company might face shall include increasing the intensity of overall competition in the sector, through the introduction of new competitors in the local market or from the regional and international markets, price inflations that affect land real estate prices, lease agreements and construction or supply costs, which might increase operational costs incurred by the Company. SASCO studies the market variables, defines, analyses and assesses various risks and then chooses the proper responses to achieve the Company’s strategic, operational and profitability objectives. SASCO has taken a number of preventive measures to alleviate potential effects whether by avoiding or getting over such risks by providing insurance coverage for properties. SASCO may also resort to the supervisory and preventive measures to mitigate or eliminate such risks as much as possible. The Company is gearing up to face anticipated risks in 2024G by laying down prior measures to combat the Company’s strategic, operational, market and financial risks and define

the proper response for each. At the same time, SASCO raises the level of automation of its operations at all operational levels to reduce the human intervention, minimize mistakes, raise the accuracy of operations and increase the operational efficiency. In order to enhance the Company’s competitive position, raise the quality of its business and comply with the highest quality standards, in 2023G, SASCO obtained the international certification of integrated management systems, represented in the following ISO certificates (ISO 14001, ISO 45001 and ISO 9001). Among the measures taken by SASCO to enhance its position in the market and open new horizons for the future, in February 2023G, SASCO has renewed the qualification certificate for the management, operation and maintenance of fuel stations and service centers issued by the Ministry of Energy for one year. In 2024G, the Company intends to renew this qualification as part of the 2024G plan for development and compliance with standards and quality. The renewal of this certificate shall enhance SASCO ability to acquire new sites and to open further investment opportunities, noting that the financial effect of the same shall come to the surface as the Company acquires new sites in the future, and the Company shall announce any substantial updates when the time comes. Compliance with legislative laws and regulations is one of the basic pillars of SASCO management philosophy

and an organizational direction that delves deep from the highest point of the Company’s hierarchy to its base. Such compliance is deeply embedded in the business governance all over the Company in relation to managing risks and bringing them to a minimum in order to achieve the Company’s objectives and the highest returns for shareholders. At the same time, SASCO abides by the principle of transparency and disclosure of all financial statements related to its activities according to the Capital Market Authority’s (CMA’s) regulations, as one of the principles of corporate governance. Furthermore, SASCO issues its annual report which includes all explanations and data related to its financial operations and operational activities, being one of the tools for implementing the principle of transparency. In light of the variable and dynamic business environment and variable unstable risks, the risk management model and internal control system vary in response to the new emerging and escalating risks, so as to cope with the business and risks changes, their intensity and potential occurrence. In the risk management model for the year 2023G, new controls have been introduced to enhance the Company’s strength and internal control measures which helped achieve SASCO objectives. **In the following section, we shall be highlighting some of the risks that the Company might face and methods for handling the same:**

IT Risks

In light of the increasing risks and threats that might attack some systems and applications, based on the Company’s geographical expansion, the spread of its sites and the reliance on the Company’s e-systems and applications in specific and business institutions as a whole has required establishing an automatic link between them. Therefore, the Company is forced to deal with cybersecurity incidents when such systems and applications are prone to any danger that may disturb the desired performance and efficiency of its work. To mitigate IT risks, SASCO uses modern tools and technologies to ensure information security and maintain the integrity and security of critical IT infrastructure and key data.

Risks of Legislative Environment

SASCO operates in a dynamic legislative environment. Therefore, any change to the laws and regulations in force in Saudi Arabia may positively or negatively affect its business activities. To reduce any negative impact as a result of such changes, SASCO constantly reviews amendments made to the laws and promptly studies the impact of these modifications on its business activities, then takes necessary measures to reduce such impact or to employ them in a way that best serves its business activities. One of the key existing risks is obtaining a license to practice a business activity from the Ministry of Municipal, Rural Affairs and Housing (MOMRAH) and Civil Defence licenses for each of the Company’s sites, regularly renewing the same or linking them with the proper insurance policies. Accordingly, SASCO’s activities may be affected if the Company is unable to obtain or renew such licenses. MOMRAH has issued a package of regulations governing the affairs of fuel stations and service centers, which cover precise criteria for the geographic distribution of fuel stations and service centers to guarantee that they are not causing any inconvenience or obstruction to traffic or any damage to neighboring facilities. These regulations also determine the areas of stations inside and outside cities, design standards, safety and environment requirements. Again, SASCO operations might be negatively affected if the required construction or operation licenses are not obtained for the existing or new stations.

Credit Risks

The credit-related risks are represented in the inability of one party to make required payments, which results in the other party incurring a financial loss. In order to reduce the impact of these risks, SASCO policy stipulates that all customers shall be subject to investigation in terms of credit and their ability to fulfill their payments. SASCO monitors percentages of financing to choose the best financing option. The Company pursues a balanced policy of maximizing the share of long-term commitments with fixed rates and maintaining the flexibility of its investment program. The Company’s centralized approach to funds management allows it to promptly adjust its consolidated debt burden level and meet its subsidiaries’ financing needs, which shall thus significantly contribute to hedging the risks of fluctuating interest rates.



Legal Risks

SASCO faces legal risks related to financial claims owed to it by some tenants and debtors to collect money from previous years. In addition, some labor cases were filed against SASCO, which assigned its legal department to follow up on these financial rights and collect them by amicable or judicial means. SASCO adheres to the principle of prudence and hedging when conducting its business and checks and qualifies customers before concluding cooperation agreements with them. If the customers fail to comply with the agreed upon contractual conditions, a settlement might be reached before referring the matter to the judicial authorities, or else the Company may take the legal recourse. It is worth to note that the Company was not involved in any substantial public litigation.



Market Risks

The Company's growth and profit levels are linked to its ability to compete successfully and to maintain its leading position among other companies. In this respect, SASCO stations sector has witnessed intense competition to provide the best services.

Given that SASCO growth is linked to the launch and addition of new sites, the Company selects the sites and conducts a comparative study of them to make the appropriate buy or rent decision, within the framework of its expansion policy.

SASCO growth continuity is also linked to the availability of human resources, including administrative competencies, operational experiences and on-time employment. In this respect, the Company exerts the necessary efforts to provide these resources.

In addition, delays in construction and development projects due to non-compliance of contractors with the specified timetable for project completion may slow down the sites operation, which operate according to the operational plan. To eliminate these risks, the relevant departments of the Company follow up on the work of the contractors and implementation on an ongoing basis.

Governance-Related Risks

SASCO constantly maintains the highest governance criteria, which is achieved through the effective strategic planning, risk management and adherence to transparency, social and environmental responsibility. The role of the Company's governance far exceeds the compliance requirements, as SASCO has laid down the general framework for its governance that sets the roles and responsibilities, decision making process and accountability according to the Board-approved powers authorization policy. This framework includes the Company's main governance components, showing the relationship between such components and how to integrate and coordinate them.

We may safely say that SASCO measures and procedures are deeply embedded in its system, by virtue of the laws and regulations issued by the supervisory authorities, including the CMA, in light of the best international governance practices. The "Governance Framework" is

supported by a comprehensive set of policies, general instructions and procedures to ensure that the Company's business is conducted in a moral and integral manner, under the Board's effective supervision and control. The governance framework also includes the shareholders rights, instruments and mechanisms for fairly practicing such rights in compliance with the provisions of related laws and the best internationally recognized practices. This includes enhancing the process of communication with stakeholders and the provision of effective communication tools. Furthermore, any failure or delay in implementing the governance procedures shall negatively affect the Company's operations, relations and activities. Therefore, in order to maintain the highest degree of compliance, SASCO adheres to the governance measures in all its sectors and activities at all companies' administrative levels.

Funds-Related Risks

The Company has obtained funds from several banks to expand the Company's projects, support its main objectives, purchase new sites to build fuel stations and finance its working capital, thus achieving profits and maximizing shareholders' equity in the future. SASCO has acquired 80% of the equity interest in the Oil Services Company Limited "Naft" in an SAR 1,1billion deal in 2022G.

In this regard, the Company exercises control over the same by setting the financial and operational goals to achieve them, and by activating such control on a monthly basis to address any deviations or benefit from previous lessons, including without limitation:

- Monitoring the achievement of expansion targets numerically.
- Monitoring the Company's investments on an ongoing basis.
- Monitoring the achievement of the financial performance targets. Conducting, analyzing and comparing budgets with actual results and causes of deviations. Reviewing cash flows on an ongoing basis and working to improve them.
- Scheduling expansions.

Strategic Risks

Strategic Risks mean risk of the Company's failure to meet its strategic targets due to major challenges in the external or internal environments. SASCO works hard to achieve its strategic targets and objectives. However, these unknown risks can be understood or assessed within a straightforward approach or model. If such events or risks affect SASCO, the Company may not only suffer a slight decrease in its profits, but this risk may deal a hard blow to the Company by exposing it to bankruptcy and lay-offs. To mitigate the impact of risks on its strategic goals, the Company applies a scenario-based approach to long-term financial and economic forecasting in order to develop the Company and updates these forecasts regularly. When making strategic decisions, the Company is often guided by the principles of prudence and financial stability and promptly responds to all changes in the external and internal environments.

Investment-Related Risks

The Company owns an investment portfolio in many companies. SASCO has acquired 80% of the equity interest of the Oil Services Company Limited "Naft", in an SAR 1,1 billion deal in 2022G. Therefore, the Company may be exposed to financial, operational or administrative risks related to those companies or to the market in which they operate. To reduce the impact of these risks, SASCO conducts studies internally or through specialized consultants on the placement of these investments to assess the feasibility of keeping them. Furthermore, the Company follows up the investee companies' business results on a regular basis to determine their general conditions. In the event of an untapped cash surplus, SASCO invests the same by getting involved in new investment portfolios such as short-term bank deposits or real estate investment funds. SASCO also owns investment portfolios in stocks in the Saudi market, which are run by companies specialized in this respect. These investments are subject to fluctuations in stock prices according to the prevailing market variables. To reduce the impact of these risks, the following measures are implemented:

- Studying the financial status of invested companies and evaluating performance on quarterly and annual bases.
- Working on getting rid of some investments to focus on the Company's primary activity whenever the appropriate opportunity arises.
- During the period ending as at September 20, 2022G, the Company sold and re-leased 9 fuel stations for the sake of providing liquidity for investment, and the profits of such transactions have been recognized in the consolidated initial statement of comprehensive income.

Operational Risks

On 18/05/1401H, Royal Decree No. 11499 was issued to hand over the necessary lands to SASCO, given that Saudi Arabia will maintain ownership of the same. Also, Royal Decree No. 214/M was issued on 08/02/1405H to hand over to SASCO a total of 34 sites from the lands granted to it. Accordingly, the Company asked to be handed over the sites that it received now or will receive in the future to start the building process of stations. Regarding the delivered grants with title deeds, SASCO assigned several specialized companies to evaluate the same, resulting in them being listed in the accounting records. As for granted lands with no title deeds, SASCO requires the concerned authorities to obtain their title deeds and to acquire them. In addition to the granted lands, some sites with recipient records were handed over by the Kingdom government. SASCO has built stations on these sites and seeks, in coordination with the concerned authorities, to acquire other sites to benefit from them. Meanwhile, Royal Decree No. 1315/M was issued

on 24/11/1420H, stipulating that SASCO should make the necessary settlements for the sites it earlier received. Also, SASCO will be leasing the rest of the handed-over sites or the sites that it will receive at a reasonable fee, emphasizing that they shall be used according to their designated purpose. Work is currently underway with government authorities to receive the lands and determine their fee. However, SASCO may be negatively affected if the relevant government agencies delay the delivery of these sites or if the rental fees specified for them increases. Therefore, first, the Company shall assess the site and its rental fees before deciding if it seeks to invest in it or not. Saudi Arabia is working on the continuous development of highway networks, which may result in changing some of the roads on which SASCO stations are located. In addition, the Kingdom has begun implementing public transport projects, like the metro network and railways to connect the regions, which may negatively affect the Company's operating profits. In this regard, SASCO is keen to control

the same by periodically studying new roads and railway projects and expansion plans for road networks in the Kingdom to determine their strategic locations, examine options and solutions for existing sites and check whether they are likely to be affected by the development of road networks or not. It would be of worth here to mention that the Company's risk management carries out an assessment and estimation of the potential risks and develops its strategy to handle such risks and prevent the same, or early detects any actual risks, to mitigate their adverse effects on the Company. Risk management is generally regarded an integral part of the Company's operational and strategic planning process and is carried out in accordance with the principles and approaches established by the Risk Management and Internal Control System Regulations and other internal regulations, which detail the following aspects of the risk management processes:



In the following part, we shall be addressing the types of risks that the Company faces at the level of various sectors, and measures to be taken to mitigate such risks.

Operations Sector	
Risks	Actions to Mitigate Risk Impact
Increasing the intensity of overall competition in the sector, price inflations that affect prices of land, real estates, lease contracts and construction or supply costs.	Requiring the development of accurate studies for each site that include established criteria to ensure the site's investment feasibility.
Dependence on the provision of petroleum services. Therefore, any change in the contract terms with the Saudi Aramco may have a negative impact on the Company's activities.	Carrying out a comprehensive development program for the current sites to ensure the quality of service and the availability of all services needed by the customer, while increasing its market share within cities and focusing on the acquisition of relative importance sites, whether in terms of population density or traffic.
	Establishing the financial objectives to be achieved and enforcing a monthly control to address points of weaknesses or benefit from lessons learned.
	Setting operational objectives and activating the supervisory role of officers in the stations, regions and sectors. The officers shall be required to carry out periodic and unannounced visits, in addition to following up customer complaints and addressing them by allocating a toll-free number to increase the quality of services.

SASCO Palm	
Risks	Actions to Mitigate Risk Impact
The Company's inability, for reasons beyond its control, to obtain and renew licenses, permits and certificates necessary for its activities.	Covering operational objectives of the retail sector.
The possibility of fraud and thefts and the risk of improper storage and assembly of goods may lead to high levels of waste.	Following up on compliance with the safety and security laws, procedures and the instructions of the official authorities, in addition to acting upon recommendations issued for the rectification of violations.
The inability to provide the required items and requirements at all the Company's branches due to the geographic expansion	Ensuring the availability of required items in suitable quantities, prices and qualities
New requirements in the commercial markets.	Ensuring compliance to the quality assurance procedures and quality standards.
High and selective VAT may increase the prices of some products due to higher costs or being subject to special legislations.	Ensuring the competitiveness and fairness of selling prices and that they achieve the Company objectives.
The emergence of new competitors.	

Ostool Al Naqil

Risks	Actions to Mitigate Risk Impact
The increase in the values of traffic offences of all kinds, as well as the banning times.	Following up on compliance with and abidance by the safety and security laws, procedures and instructions issued by official authorities, in addition to following recommendations regarding the rectification of violations, instructing drivers and training them on abiding by the traffic rules.
Storage and difficulty of providing (qualified) workers like experienced drivers.	Providing human resources by recruiting highly skillful manpower.
The Company does not currently face any obstacles in periodical licenses renewal, yet, it does not guarantee to renew such licenses in the future, which may affect the continuity of the Company's operations.	Ensuring compliance to the quality assurance procedures and quality standards.
The change in the laws and regulations related to the Company's business, such as loading, transporting, unloading and storing petroleum products and environmental protection requirements, would likely increase the Company's financial costs and burdens.	Covering operational objectives of the transportation sector and assisting responsible personnel in improving, developing and scheduling supply.

Saudi Automobile & Touring Association (SATA)

Risks	Actions to Mitigate Risk Impact
Decline in sales due to natural disasters.	Reducing costs when banning travel.
Political events in some neighboring countries.	Holding periodic meetings with strategic distributors to increase coordination regarding market shares.
Entry of some local competitors (similar club associations).	Developing a plan to increase sales outlets to market some products and follow them up on a monthly basis.
Emergence of new regulations on the financial performance of SATA.	Monitoring customers' claims and working to reduce them.

Challenges and Opportunities:

Saudi Arabia has the second largest amount of proven oil reserves in the world following Venezuela, at the same time the Kingdom is one of the biggest producers of crude oil. The Kingdom has produced 456 thousand barrels of gasoline in 2020G and by 2026G, it is expected to produce 543 thousand barrels of gasoline per day. The Kingdom government is planning to increase investment in the construction works including the new cities, shopping malls and the like. Not only will the new buildings lead to a boom in the real estate business, it shall further increase the need for new fuel stations in the built-up areas which provides an apt opportunity for the companies operating in the fuel stations market. Factors like expanding the infrastructure of current fuel stations and increasing investment in the sector by the national companies and foreign players shall push down the wheel of the fuel stations market in the country over the coming period, which represents a viable chance for SASCO, which already started to benefit from the same. SASCO is currently planning to launch 50 new stations in 2024G in light of the Company's strategy for acquiring and establishing new sites, with the aim of increasing stations to 600 stations by the end of 2024G, compared to 260 stations in 2021G, with a growth rate of 130% in three years. At the same time, and in line with State inclination to achieve digital transformation in order to enhance efficiency and facilitate the lives of nationals, SASCO automated 292 operating stations with the automation system, compared to less than 54 sites in 2022G. SASCO has equipped mobile stations according to the latest specifications, having prepared and operated a number

of stations last year, including the Yacht Club, the Camel Club, Halet Ammar Road stations, in addition to temporary stations during the development of 154 stations, and equipping a number of stations on Qatar road during the World Cup. In 2021G, the Kingdom launched its plan with huge investments to achieve Carbon neutrality by 2060G and to transform 30% of the vehicles in the streets of the capital Riyadh to e-vehicles by 2030G. The actual implementation of the plan started after Lucid Motors, the manufacturer of e-vehicles, started the construction of its first factory abroad in the Kingdom in 2023G. This is one of the challenges facing the fuel stations companies in the Kingdom, including SASCO, which aimed to take preemptive measures to transform this challenge into an opportunity. SASCO started to provide its services to e-vehicles as early as 2018G. Last year, SASCO concluded a contract for the import of Super Charge chargers to cover more than 50 sites all over the cities and the regional Kingdom roads in order to meet the needs of the Company's customers who use e-vehicles. The Company further installed electric chargers for e-vehicles, having signed a contract for the supply of a number of quick chargers to be installed in a number of stations in 2024G. A charger was prepared for the vehicles showroom, and two chargers were installed at the Company's main building. The fuel stations business in the Kingdom is subject to operations of acquisitions and mergers, and since SASCO is a qualified operator of fuel stations, it shall most likely obtain an additional market share from the unorganized sector with legal support. As an initial result of this factor and other

factors like expanding the construction of stations, the Company's market share rose to 5.6%, compared to less than 5% by the end of 2022G. The transformation of the fuel stations into an organized trade has enhanced the transparency and organization in this sector, with the provision of more regulated and organized environment for companies and consumers. The management and operation of stations is further enhanced by the improvement of efficiency, service quality, products provided and the use of clear laws and regulations, which led to the current expansion and spread. Add to this the unprecedented focus on the tourism sector in Saudi Arabia, and the fact that the Kingdom has been selected to host some international events like Expo 2030 and the World Cup 2034G, among others, which shall benefit SASCO whose network extends across the Kingdom, including the Hajj areas. Finally the Saudi government has declared direct fuel prices, offering subsidies to prices to maintain the State's economy while maintaining the profit rates of the companies' stations, which shall in turn help the Company to move forward towards achieving its strategic objectives. In general the constant development and enhancement of services are generally regarded as part of the companies' strategies to maintain their competitiveness and meet the customers' expectations. Such enhancements may include the provision of new payment technologies, enhancing the cost effective consumption of fuel, the provision of innovative services like the e-charging services and the provision of alternative fuels.

03: Corporate Governance “Leadership with Creativity and Innovation”

Corporate Governance

Implementation of Governance Regulations

The Company Organizational Structure

Board Committees

Remuneration and Compensations Paid

Senior Executives Remunerations



Corporate Governance

The management of Saudi Automotive Services Company (SASCO) is keen to comply with the Corporate Governance Regulations issued by the Capital Market Authority's (CMA's) Board, taking into account the best practices followed by listed companies in the market.

SASCO overall governance framework is based on protecting the rights of SASCO shareholders and stakeholders and enabling employees to report any concerns or wrongful behavior observed within the Company. This is done by providing an objective, confidential and independent reporting and investigation mechanism until appropriate corrective action is taken. In addition to aligning the Company's values and strategy with social and economic needs, organizing dealings with related parties, and providing accurate and comprehensive disclosures within the specified time frame to the Company's shareholders, related parties and regulators.

SASCO is working on implementing governance, in accordance with an

integrated professional framework. In 2023G, the "Corporate Governance Regulations" document was developed, which includes the rules, standards and controls related to the management of "SASCO" in order to promote and ensure the application of best practices to protect the rights of shareholders and stakeholders. This is done in line with the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. (08-05-2023G) dated 25/06/1444H, corresponding to 18/01/2023G based on the Companies Law issued by Royal Decree No. M/132, dated 01/12/1443H.

In 2023G, the Board of Directors approved the updated version No. (5) based on the amendments made to the Corporate Governance Regulations issued by the CMA Board on January 18, 2023G, which can be viewed on the Company's website (www.sasco.com.sa). In 2019G, the Company's Board of Directors approved the updated Version No. (4) based on the amendments made

to the Corporate Governance Regulations issued by the Board of the Capital Market Authority on May 20, 2019G.

During 2017G, the Regulations were updated in accordance with the Corporate Governance Regulations issued by the CMA Board, pursuant to Resolution No. (8-16-2017), dated 16/05/1438H, corresponding to 13/02/2017G based on the Companies Law issued by Royal Decree No. M/3, dated 18/01/1437H. In 2013G, the Regulations were updated in line with the guiding Corporate Governance Regulations issued by the Capital Market Authority.

The "Corporate Governance Regulations" document, which includes the rules, standards and controls related to the management of the Company, was developed in 2009G to promote and ensure the application of best practices to protect the rights of shareholders and stakeholders.

SASCO Concept of Internal Control

The internal control is one of the basic pillars of the oversight system of any organization to assist it reduce risks and increase the prospect of achieving the Company's objectives. According to (COSO) framework, all Company employees are responsible for the internal control.

It is a process designed and influenced by management and all those involved in the organization management, through which reasonable assurance can be obtained that the following objectives have been achieved.



According to COSO framework, there are five basic elements in the internal control, namely

1- Control Environment: the key component of the internal control.

2- Risk Assessment: identifying and analyzing risks related to achieving the Company's objectives, and forming specific foundations for risk management.

3- Information and Communication System: The information system related to financial reports, including the accounting system, consists of the accounting methods for processing the Company operations (recording, tabulating, summarizing, and reporting). The quality of the information generated by the system affects the ability of the management to make appropriate decisions to control the activities of the Company, and to develop reliable financial reports. The communication includes providing a means of understanding individual roles and responsibilities related to the internal control of financial reports.

4- Control Activities and Procedures:

These activities are the policies and procedures that help ensure that management directives have been carried out. These are actions that are taken to mitigate the risks related to achieving the objectives of the Company. Control activities have many objectives and are applied at multiple organizational and functional levels. In particular, the procedures and activities related to financial policies are procedures and activities that relate to many things, the most important of which are the following:

- Checking the Company's performance.
- Data processing.
- Control procedures that depend on the physical presence.
- Separation of responsibilities and clear identification of powers.

5- Monitoring and Updating of Control Procedures and Activities:

It is the process of evaluating the quality of internal control performance over time. This process includes designing, implementing, evaluating and updating control procedures and activities on a regular basis, and taking any necessary corrective actions in a timely manner. This is achieved through ongoing activities, independent evaluations, or a combination of both. The Company's internal auditor, or individuals performing the same function, contribute to the monitoring of performance within the organization. Monitoring control activities can include using information from external sources such as customer complaints, regulatory authorities feedback that indicate problems, or red flags that highlight areas for improvement.

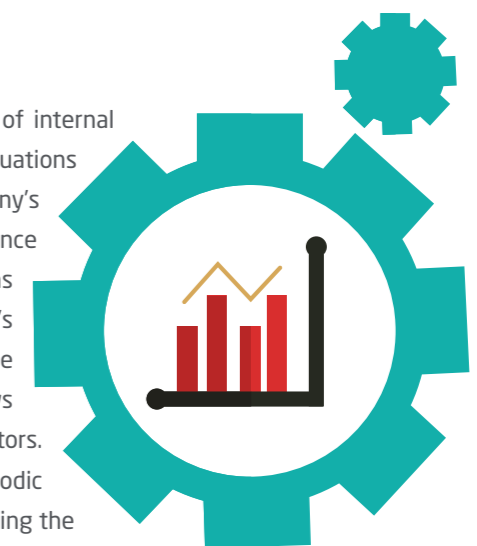
SASCO Roles and Responsibilities

Every individual in SASCO is responsible for the internal control, however, the Board of Directors is the body responsible for the Company internal control system. The CEO is the person finally responsible for the control system.

• A number of parties provides the internal control, each of whom has important responsibilities. The Board (either directly or through its committees), the management, internal auditors, and other staff make important contributions to an effective control system.

• The Audit Committee of the Company's Board of Directors, on behalf of the Board of Directors, regularly evaluates the

adequacy and effectiveness of internal control systems. This evaluations is based on the Company's internal audits and compliance departments, evaluations carried out by the Company's Internal Audit and Compliance Department, as well as reviews carried out by external auditors. The Board is notified on a periodic basis of control issues (including the risk management process). The Board also confirms the adequacy of effective internal controls at the Company level based on the recommendations and advice provided by the Board's Audit and Compliance Committees.



Important Tools and Methods Used for the Annual Audit of Internal Control Effectiveness

Departments' Monthly Report Including KPIs:



Periodic Audit of Financial and Accounting Procedures and Financial Reporting Processes

In coordination with the external auditor, SASCO periodically ensures the integrity of financial and accounting procedures, and that they are consistent with the recognized professional standards and related laws governing financial and accounting practices and reporting periodically.

Actions Taken by Audit Committee

The Audit Committee examines the Company's internal control systems to ensure their effectiveness, as part of the work assigned to the Committee, which shall be detailed in a later topic when talking about the Audit Committee and its assigned tasks, as well as the work the Committee carried out during the fiscal year 2023.

Internal Audit

It is an objective and independent activity that provides assurance and consulting services designed to add value and develop the Company's operations. It does this by evaluating and providing recommendations related to control, governance and risk management system. The Internal Audit Department developed a risk-based audit plan in coordination with the Audit Committee, the Company's management and departments' officials. Based on this, an internal audit action plan was developed. The aim of this plan is to prioritize the activities, subject to audit.

The Internal (Risk-Based) Audit Plan Included Following Objectives:

- Evaluate the effectiveness and efficiency of the internal control system and processes.
- Ensure compliance with the Company's laws, regulations, policies, procedures and contracts.
- Ensure that the Company's assets are preserved.
- Ensure reliability and integrity of financial and operational information.
- Compare current SASCO practices with the best practices followed.
- Identify opportunities available to improve internal control of activities and operations.
- Verify the fairness and integrity of financial reports.

All audit reports (field and periodic), which were submitted to the Board of Directors, Executive Management and various departments included observations and weaknesses of internal control procedures in the audited departments or operations. These observations addressed the potential impacts on the integrity of SASCO business processes, with a focus on high-value activities due to the increasing volume of risks. The reports also focused on the effectiveness of the internal control system, since, a weak control system increases the prospects of loss and the volume of risks, while an effective control system reduces the potential of such risks. In addition, every report includes recommendations on how to deal with these observations to raise the level of internal control procedures, with the development of an action plan that includes corrective measures within agreed upon time frames with the audited departments.

Important Focus Points in Internal Audit Reports Included the Following:

- Evaluate the efficiency and effectiveness of the performance of gas stations, property management, inventory control, physical inventory, observations and recommendations.
- Ensure that the department plans are consistent with the overall SASCO objectives.
- Verify that fixed assets represent actual values owned by SASCO.
- Ensure the provision of the necessary and adequate resources and skills to support business.
- Ensure scheduling of operation to guarantee sufficient quantities of stock.
- Ensure that the available cash covers the continuity of planned operations.
- Announce SASCO bylaws, instructions and the Company policy in clear locations.
- Train current employees to perform multiple jobs.
- Develop periodic/preventive maintenance programs for equipment and vehicles.
- Follow up expiry dates of operational licenses periodically.
- Check security and safety procedures.
- Ensure the availability of financial analysis of the cash flow statement to make adequate financial and management decisions.
- Avoid supply interruptions to the minimum.
- Ensure the existence of notarized contracts for all tenants, which are compatible with SASCO conditions, objectives and plan.

Implementation of Governance Regulations

SASCO implements All Provisions Stipulated in the Corporate Governance Regulations Issued by the CMA Board, Except for the Provisions Listed Below:

S	Article Number in the Regulations	Paragraph	Article/ Paragraph Text	Causes of Non-Implementation
1	Article 76	Guiding	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its Members shall be Non-Executive Board Members. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Guiding Article. The formation of the Committee shall be subsequently considered.
2	Article 71	A, B	For the purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks and for internal audit. The Company may utilize external entities to perform the duties and competencies of the units or departments of risk assessments and management, and internal audit without any prejudice to the Company's responsibility for those duties and competencies.	The Internal Audit Department is in place, and has been assigned to conduct the Risk Management Department work in line with the Company's contracting with an external office to conduct the same.
3	Article 82	2, 3 Guiding	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following: Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program. Establishing social organizations for the benefit of the Company's employees.	Guiding Article. It shall be subsequently considered.
4	Article 84	Guiding	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Guiding Article. It shall be subsequently considered.
5	Article 85	1, 2, 3, 4 Guiding	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include: Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities. Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility. Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company. Establishing awareness programs to the community to familiarize them with the Company's social responsibility.	Guiding Article. It shall be subsequently considered.
6	Article 92	Guiding	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations (Corporate Governance Regulations). Such Committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guiding Article. The formation of the committee shall be subsequently considered.



The Company Organizational Structure

Board of Directors, Committee Members, Executive Management, Their Positions, Qualifications and Experiences.

First - Board of Directors



Ibrahim Mohammed Al-Hadithi

Chairman of the Board of Directors - Chairman of the Executive Committee

Qualifications and Experience:

Businessman, high school diploma, more than 42 years of experience in the field of corporate management. He held a number of positions including Vice Chairman of the Council of Saudi Chambers of Commerce, participated in many boards of directors of listed and unlisted joint stock companies in the Saudi Stock Exchange,

such as Najmat Al-Madaen Company, Akwan Real Estate Company, Ibrahim Mohammed Al-Hadithi Investment Company, Zawaya Real Estate Company, Nahaz Investment Company and other companies working in the field of real estate, services, investment and financial services Inside and outside the Kingdom.

Current Positions:

- Chairman, Board of Directors and Chairman of Executive Committee, Saudi Automotive Services Company (SASCO).
- Chairman, Board of Directors, Najmat Al-Madaen Group Company.
- Chairman, Board of Directors, Ibrahim Mohammed Al-Hadithi Investment Company.
- Chairman, Board of Directors, Mulkia Investment Company.
- Chairman, Board of Directors, Zawaya Real Estate Company.
- Chairman, Board of Directors, Balada Company for Specialized Commercial Complexes.
- Chairman, Board of Directors, Akwan Real Estate Company.
- Chairman, Board of Directors, Naft Services Company.

Previous Positions:

- Vice Chairman, Board of Directors, Saudi Chambers of Commerce.
- Chairman, Chamber of Commerce and Industry in Al-Kharj
- Member, Local Council of Al-Kharj Governorate.
- Member, Board of Directors, Solidarity Company
- Member, Board of Directors, Nahaz Investment Company.

Sultan bin Mohammed Al-Hadithi

Vice Chairman - Managing Director - Member of the Executive Committee



ساسكو
SASCO

Qualifications and Experience:

Bachelor of Accounting with honors from King Saud University, Master of Business Administration (MBA) from London Business School. He held leadership positions in a number of public and private companies in Saudi Arabia. He has experience in corporate restructuring and strategic planning, in addition to managing investments in securities, private equity and real estate investment. He participated in the membership of boards of directors and committees in a number of public and private shareholding companies, including: Saudi Chemical Company, Nahaz Investment Company, Zawaya Real Estate Company, Najmat Al Madaen Group Company, Middle East Batteries Company (MEPCO), Mulkia Investment Company, Thakher Real Estate Development and Investment Company.

Current Positions:

- Managing Director, Saudi Automotive Services Company (SASCO).
- Member, Board of Directors, Najmat Al-Madaen Group Company.
- Vice Chairman, Board of Directors, Zawaya Real Estate Company.
- Managing Director, Mulkia Investment Company.
- Member, Board of Directors, Nahaz Investment Company.
- Member, Board of Directors, Thakher Real Estate Development Company.
- Member, Board of Directors, Naft Services Company.

Previous Positions:

- CEO, Ibrahim Al-Hadithi Investment Company.
- CEO, Zayti Petroleum Services Company.
- Deputy General Manager, Financial and Administrative Affairs, Najmat Al Madaen Group Company.
- Member, Board of Directors, Saudi Chemical Company.
- Member, Board of Directors, United Wire Factories Company.

Nasser bin Abdullah Al-Aufi

Board Member



ساسكو
SASCO

Qualifications and Experience:

Master's degree in accounting and MBA from the University of Southern New Hampshire, USA. In addition to a Bachelor's degree in accounting from King Saud University. He has more than thirty-six years of experience in the management of joint stock companies and financial, administrative and strategic consulting. He participated in many boards of directors of joint stock companies and Board Committees (Audit Committee), such as Al-Jouf Agricultural Company, Taiba Company and United Cement Industrial Company.

Current Positions:

- Member, Board of Directors, Saudi Automotive Services Company (SASCO).
- Member, Board of Directors, and Chairman, Audit Committee, United Cement Industrial Company.
- Member, Board of Directors, and Member, Audit Committee, Mekyal Financial Technologies Company.

Previous Positions:

- Chairman, Audit Committee, Saudi Automotive Services Company (SASCO).
- Member, Board of Directors, and Chairman, Audit Committee, Al Rajhi Takaful Company.
- Director of Financial, Administrative and Investment Affairs Department, Saudi Pharmaceutical Industries Company.
- Assistant General Manager, Financial and Administrative Affairs, Saudi Livestock Trading Company.
- Director, Financial and Administrative Affairs Department, Taiba Investment Company.
- Chairman, Audit Committee, Al-Jouf Agricultural Company.
- Member, Audit Committee, Taiba Holding Company.
- Chairman, Audit Committee, Saudi Ceramics Company.
- Member, Audit Committee, Arab Sea Information Systems Company.

Majid bin Mohammed Al-Othman

Board Member - Member of the Remuneration and Nominations Committee



ساسكو
SASCO

Qualifications and Experience:

Businessman, high school diploma. He has more than thirty-five years of experience in the field of real estate, contracting and automotive services, Managing Director of Najmat Al-Madaen Group Company, Board Member of Ibrahim Al-Hadithi Investment Company, Board Member of Bilda Company for Specialized Commercial Complexes, Board Member of Zawaya Real Estate Company.

Current Positions:

- Member, Board of Directors, Member of the Remuneration and Nominations Committee, Saudi Automotive Services Company (SASCO).
- Vice Chairman & Managing Director, Naft Services Company.
- Managing Director, Najmat Al Madaen Group.
- Member, Board of Directors, Zawaya Real Estate Company.
- Member, Board of Directors, Balada Company for Specialized Commercial Complexes.
- Vice Chairman, Board of Directors, Ibrahim Mohammed Al-Hadithi Investment Company.
- Chairman, Board of Executive Directors, Najmat Projects Contracting Company.
- Chairman, Board of Executive Directors, Fun Gate Company.

Previous Positions:

- General Manager, Najmat Al-Madaen Contracting Establishment.
- General Manager, Najmat Al Madaen Group for Automotive Services.
- Chairman, Board of Executive Directors, Naft Services Company LTD.

Riyad Saleh Al-Malik

Board Member - Executive Committee Member - Chief Executive Officer



ساسكو
SASCO

Qualifications and Experience:

Bachelor of Business Administration from King Abdulaziz University. He has long experience in the field of corporate management, especially gas station companies. He served as General Manager of Tas'helat Marketing Company LTD., Deputy General Manager of Riyadh Development Company, and served as a Board Member of many companies.

Current Positions:

- CEO and Member, Board of Directors, Member of the Executive Committee, Saudi Automotive Services Company (SASCO).
- Vice Chairman, Theeb Car Rental Company.
- Chairman, Nomination and Remuneration Committee, Theeb Car Rental Company.
- Member, Customs Council of the International Automobile Federation.
- Member, National Committee for Gas Station Companies, Council of Saudi Chambers.

Previous Positions:

- General Manager, Tas'helat Marketing Company Ltd.
- Deputy General Manager, Riyadh Development Company.
- Director, Marketing Department, Saudi Real Estate Company.
- Sales Manager, Saudi Hotels Company.
- President, Customs Council of the International Automobile Federation.
- Chairman, National Committee for Gas Station Companies, Council of Saudi Chambers.
- Member, Board of Executive Directors, Naft Services Company Ltd.

Faisal bin Abdullah Al-Jedaie

Board Member

Qualifications and Experience:

Bachelor of Business Administration from King Saud University, Chairman and Board Member in many Joint Stock Companies and others. He has an experience of more than 25 years in managing family businesses, contributing and providing strategic solutions.

Current Positions:

- Member, Board of Directors, Saudi Automotive Services Company (SASCO).
- Chairman, Board of Directors, Thob Al-Aseel & Al Jedaie Fabrics Co.
- Member, Nomination and Remuneration Committee, Thob Al-Aseel company.

Previous Positions:

- CEO, Arabian Centres Co.
- Managing Director, Fawaz Abdulaziz Alhokair Co.
- CEO, NESK Group of Trading Projects



Ali bin Mohammed Aba Al-Khail

Board Member - Chairman of the Remuneration and Nomination Committee

Qualifications and Experience:

Bachelor of Political Science from the College of Administrative Sciences (King Saud University), Master of Government Administration from Harvard University, USA, Secretary to His Excellency the President of the Royal Court, Assistant Director of the Political Affairs Department at the Royal Court, Secretary to His Highness the President of the Prime Minister's Office. He was appointed in the Office of His Royal Highness the Second Deputy Prime Minister, Minister of Defense and Aviation and Inspector General. He worked as a management consultant in the Supreme Committee for Administrative Management, Vice Chairman of the Board of Executive Directors at Sanad Investment Company.

Current Positions:

- Member, Board of Directors, Chairman of the Remuneration and Nominations Committee, Saudi Automotive Services Company (SASCO).
- Vice Chairman, Board of Executive Directors, Sanad Investment Company.

Previous Positions:

- Assistant Director, Political Affairs Department, Royal Court.
- Management Consultant, Supreme Committee for Administrative Organization.



Majid Nasser Al-Subaie

Board Member - Chairman of the Audit Committee

Qualifications and Experience:

Bachelor of Science in Economics from King Saud University. He has more than twenty-one years of experience in corporate management. He held many leadership positions as Real Estate Projects Manager at Nasser Bin Mohammed Al-Subaie & Sons Investment Company, Financial Analyst at Morgan Stanley Company, Managing Director of Morgan Stanley Company. He is currently the CEO of Nasser Bin Mohammed Al Subaie & Sons Investment Company.

Current Positions:

- Member, Board of Directors, Chairman of the Audit Committee, Saudi Automotive Services Company (SASCO).
- CEO, Nasser bin Mohammed Al-Subaie & Sons Investment Company.
- Member, Board of Directors, Riyadh Development Company.

Previous Positions:

- Member, Executive Committee, Saudi Automotive Services Company (SASCO).
- Director, Real Estate Projects, Nasser Bin Mohammed Al-Subaie & Sons Investment Company.
- Financial Analyst, Morgan Stanley.
- Managing Director, Morgan Stanley.



Yousef bin Hamad Al-Yousifi

Board Member - Member of the Remuneration and Nominations Committee

Qualifications and Experience:

Bachelor of Electrical Engineering from the University of Colorado, USA, MBA from Harvard University, USA. Member of the Board of Several Companies, Member of the Investment Committee of the Saudi Venture Capital Company, Chairman of the Nomination and Remuneration Committee, Member of the Investment Committee and Governance Committee of Medgulf, Chairman of the Nomination and Remuneration Committee of Saudi Fransi Capital, Partner of Future Generation Investment Company, and Partner of Sada, which works in the field of direct investments in private equity.

Current Positions:

- Member, Board of Directors, Member of the Remuneration and Nominations Committee, Saudi Automotive Services Company (SASCO).
- CEO & Board Member, Joa Capital Company.
- Member, Board of Directors, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF).
- Member, Board of Directors, Saudi Airlines Catering Company.

Previous Positions:

- Member, Board of Directors, Saudi Fransi Capital.
- Member, Board of Directors, Leejam Sports Company.
- Investment Manager, Saudi Technology Investment Development Company.
- Energy Sector Analyst, Passport Capital.
- Advisor, King Abdullah Petroleum Studies and Research Center.
- Associate Officer, Private Property Department, Jadwa Investment.
- Consultant, Booz & Company.
- Oilfield Engineer, Schlumberger.
- Telecommunications Engineer, Saudi Aramco.
- Member, Board of Directors, Saudi Post.
- Member, Board of Directors, General Organization for Postal and Logistics Services (SPL).



Second - Executive Managers

Islam Mohamed Khairy Ahmed

Chief Financial Officer



Qualifications and Experience:

Bachelor of Accounting from Ain Shams University, Egypt, Chief Financial Officer for more than twelve years. He has experience in leading and developing a successful finance team in many financial and accounting activities, including preparing annual budgets, controlling key accounts, and the ability to handle tasks and lead the team.

Current Positions:

- Chief Financial Officer, Saudi Automotive Services Company (SASCO).
- Member, Board of Directors, Ostool Al Naqil Company (subsidiary).

Previous Positions:

- Head of Accounts, Najmat Al Madaen Group.
- Chief Financial Officer, Zaiti Petroleum Services Company.

Mohammed Abu Saree Al-Deeb

General Manager of Ostool Al Naqil Company (subsidiary)



Qualifications and Experience:

Bachelor of Accounting from Ain Shams University in Egypt, Diploma in Financial Auditing. He has more than forty-four years of experience in controlling the petroleum sector in Egypt, and the stations and transportation sector at Tas'heelat Marketing Company, and General Manager of Ayedh Bin Dajam Transport Company and Ostool Al Naqil Company (a subsidiary of the Saudi Automotive Services and Equipment Company - SASCO).

Current Positions:

- General Manager, Ostool Al Naqil Company (subsidiary)

Previous Positions:

- Director, Internal Control, Tas'heel Marketing Company.
- General Manager, Ayedh Bin Dajam Transport Company.
- Executive Director, Ostool Al Naqil Company (subsidiary)

Saud Sulaiman Al-Otaibi

Chief Operating Officer

Qualifications and Experience:

Bachelor of Public Administration from King Abdulaziz University in Jeddah, with more than seventeen years of experience in the field of gas station companies. He held many administrative positions in the private sector.

Current Positions:

- Chief Operating Officer, Saudi Automotive Services Company (SASCO).

Previous Positions:

- Head of Operations, Western Region Facilities Company.
- General Manager of Distributors, Saudi Kia Automotive Company.
- Director, Western and Northern Region, Saudi Automotive Services Company (SASCO).

Classification of Board Members (Executive, Non-Executive, Independent)

The current Board of Directors took over the management of the Company for the 13th session, as of 30/06/2021G, for a period of three years ending on 29/06/2024G.

S	Name	Current Position	Membership Classification
1	Ibrahim Mohammed Al-Hadithi	Chairman of the Board of Directors - Chairman of the Executive Committee	Non-Executive
2	Sultan bin Mohammed Al-Hadithi	Vice Chairman - Managing Director - Member of the Executive Committee	Executive
3	Nasser bin Abdullah Al-Aufi	Board Member	Non-Executive
4	Majid bin Mohammed Al-Othman	Board Member - Member of the Remuneration and Nominations Committee	Non-Executive
5	Riyad Saleh Al-Malik	Board Member - Chief Executive Officer - Member of the Executive Committee	Executive
6	Faisal bin Abdullah Al-Jedaie	Board Member	Independent
7	Ali bin Mohammed Aba Al-Khail	Board Member - Chairman of the Remuneration and Nomination Committee	Independent
8	Majid Nasser Al-Subaie	Board Member - Chairman of the Audit Committee	Independent
9	Yousef bin Hamad Al-Yousifi	Board Member - Member of the Remuneration and Nominations Committee	Independent

* Sulaiman Bin Abdulaziz Al zabin resigned from the Board of Directors on January 30, 2023G due to personal reasons that prevent him from continuing as a Board Member.

* On August 6, 2023G, the Company's Board of Directors issued a decision to appoint Faisal bin Abdullah Al-Jedaie as an Independent Member of the Board in the vacant seat to complete the current session ending on June 29, 2024G, noting that the Board approval is not considered final and this appointment shall be presented in the first meeting of the General Assembly for approval.

Board Members Attendance Record during 2023G

The following table shows the attendance record of members of the Board of Directors meetings during the year 2023G as follows:

S	Name	Number of Meetings is (5) Meetings					Atten Attendance Rate dance Rate
		Meeting No. (1) 21/03/2023G	Meeting No. (2) 13/06/2023G	Meeting No. (3) 12/09/2023G	Meeting No. (4) 24/10/2023G	Meeting No. (5) 20/12/2023G	
	Ibrahim Mohammed Al-Hadithi	√	√	√	√	√	100%
	Sultan bin Mohammed Al-Hadithi	√	√	√	√	√	100%
	Nasser bin Abdullah Al-Aufi	√	√	√	√	√	100%
	Majid bin Mohammed Al-Othman	Via virtual technology	√	√	√	Apologized and delegated	80%
	Riyad Saleh Al-Malik	√	√	√	√	√	100%
	Faisal bin Abdullah Al-jedaie	Appointed on August 6, 2023G		√	√	√	100%
	Ali bin Mohammed Aba Al-Khail	√	√	Apologized	√	√	80%
	Majid Nasser Al-Subaie	Apologized	√	√	√	√	80%
	Yousef bin Hamad Al-Yousifi	√	√	√	√	√	100%
Sulaiman Bin Abdulaziz Al zabin		Resigned from the Board of Directors on January 30, 2023G.					
Average Attendance		93.02%					

√ Attended

* The meeting of the Board of Directors No. (2) was held via virtual technology.

* No member has ever submitted a written request to hold a Board meeting during 2023G, nor has any member ever objected to the agenda of the Board and its decisions.

List of the Companies' Names, Inside and Outside the Kingdom, Whose Board Member is a Member of their Current and Previous Boards of Directors or One of their Directors.

The following table shows the list of the companies' names, inside and outside the Kingdom, whose Board Member is a Member of their current and previous Boards of Directors or one of their directors as follows:

Member Name	Companies Whose Board Member is a Member of their Current Boards of Directors or One of their Directors			Companies Whose Board Member is a Member of their Previous Boards of Directors or One of their Directors		
	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability
Ibrahim Mohammed Al-Hadithi	Najmat Al-Madaen Group Company	Inside	Unlisted	Solidarity Company	Inside	Listed
	Akwan Real Estate Company	Inside	Unlisted	Daken Advertisement Company	Inside	Limited Liability
	Ibrahim Mohammed Al-Hadithi Investment Company	Inside	Unlisted	Nahaz Investment Company	Inside	Unlisted
	Zawaya Real Estate Company	Inside	Unlisted			
	Bilda Company for Specialized Commercial Complexes	Inside	Unlisted			
	Mulkia Investment Company	Inside	Unlisted			
	Saudi Finance Company	Inside	Limited Liability			
	Naft Services Company	Inside	Unlisted			

Member Name	Companies Whose Board Member is a Member of their Current Boards of Directors or One of their Directors			Companies Whose Board Member is a Member of their Previous Boards of Directors or One of their Directors		
	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability
Sultan bin Mohammed Al-Hadithi	Najmat Al-Madaen Group Company	Inside	Unlisted	Saudi Chemical Company	Inside	Listed
	Zawaya Real Estate Company	Inside	Unlisted	Najma Projects company	Inside	Limited Liability
	Nahaz Investment Company	Inside	Unlisted	National Real Estate Group	Inside	Limited Liability
	Mulkia Investment Company	Inside	Unlisted	Ibrahim Mohammed Al-Hadithi Investment Company	Inside	Unlisted
	Thakher Real Estate Development Company	Inside	Limited Liability	United Wire Factories Company	Inside	Listed
	Mulkia Trading Company	Inside	Limited Liability	Daken Advertisement Company	Inside	Limited Liability
	Marib Development and Real Estate Investment Company	Inside	Limited Liability	Tamdeen First for Real Estate Company	Inside	Limited Liability
	Knowledge & Childhood Investment Company	Inside	Limited Liability			
	Tamdeen First for Real Estate Company	Inside	Limited Liability			
	Arzak Agricultural Company	Inside	Limited Liability			
	Dur AlkuttabLtd Co.	Inside	Limited Liability			
	Automotive and Equipment Investment Company	Inside	Limited Liability			
	Ostool Al Naqil Co.	Inside	Limited Liability			
	SASCO Palm Co.	Inside	Unlisted			
	First Palm Contracting Co.	Inside	Limited Liability			
	The Saudi Automobile and Touring Association	Inside	Limited Liability			
	Zaiti Petroleum Services Company	Inside	Limited Liability			
	SASCO WAHA Co.	Inside	Limited Liability			
	SASCO Franchise Co.	Inside	Limited Liability			
	Amlak Nakhla Real State Company	Inside	Limited Liability			
North Front Real Estate Co.	Inside	Limited Liability				
Naft Services Company	Inside	Unlisted				

Member Name	Companies Whose Board Member is a Member of their Current Boards of Directors or One of their Directors			Companies Whose Board Member is a Member of their Previous Boards of Directors or One of their Directors		
	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability
Nasser bin Abdullah Al-Aufi	United Cement Industrial Company	Inside	Unlisted	Al-Jouf Agricultural Company	Inside	Listed
	Mekyal Financial Technologies Company.	Inside	Unlisted	Al Rajhi Takaful Company	Inside	Listed
				Food Products Company	Inside	Listed
Majid bin Mohammed Al-Othman	Najmat Al-Madaen Group Company	Inside	Unlisted	Zaiti Petroleum Services Company	Inside	Unlisted
	Zawaya Real Estate Company	Inside	Unlisted	Najmat Al-Madaen Group for Car Services	Inside	Limited Liability
	Bilda Company for Specialized Commercial Complexes	Inside	Unlisted	Daken Advertisement Company	Inside	Limited Liability
	Ibrahim Mohammed Al-Hadithi Investment Company	Inside	Unlisted			
	Naft Services Company	Inside	Unlisted			
	Najma Projects company	Inside	Limited Liability			
	Fun Gate Company	Inside	Limited Liability			
Riyad Saleh Al-Malik	Theeb Car Rental Company	Inside	Listed	Tas'helat Marketing Company Ltd.	Inside	Limited Liability
	Automotive and Equipment Investment Company	Inside	Limited Liability	Sahl Transport Company	Inside	Limited Liability
	Ostool Al Naqil Co.	Inside	Unlisted Joint Stock Company	Sara Telecom Company	Inside	Limited Liability
	SASCO Palm Co.	Inside	Unlisted Joint Stock Company	Al Furousia Trading & Services Co. Ltd	Inside	Limited Liability
	First Palm Contracting Co.	Inside	Limited Liability			
	The Saudi Automobile and Touring Association	Inside	Limited Liability			
	Zaiti Petroleum Services Company	Inside	Limited Liability			
	SASCO WAHA Co.	Inside	Limited Liability			
	SASCO Franchise Co.	Inside	Limited Liability			
	Amlak Nakhla Real State Company	Inside	Limited Liability			
North Front Real Estate Co.	Inside	Limited Liability				

Member Name	Companies Whose Board Member is a Member of their Current Boards of Directors or One of their Directors			Companies Whose Board Member is a Member of their Previous Boards of Directors or One of their Directors		
	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability	Company Name	Inside / Outside Kingdom	Legal Entity Listed / Unlisted / Limited Liability
Faisal bin Abdullah Al-Jedaie	Thob Al-Aseel company	Inside	Listed	Arabian Centres Co.	Inside	Listed
				Fawaz Abdulaziz Alhokair Co.	Inside	Listed
Ali bin Mohammed Aba Al-Khail	Sanad Investment Company	Inside	Unlisted	Iskan Development & Investment Company	Inside	Unlisted
	Eastern Investment Company	Inside	Unlisted			
Majid Nasser Al-Subaie	Nasser Bin Mohammed Al Subaie & Sons Investment Company	Inside	Unlisted			
	Riyadh Development Company	Inside	Listed			
Yousef bin Hamad Al-Yousifi	Joa Capital Company	Inside	Closed Joint Stock	Leejam Sports Company	Inside	Unlisted
	Saudi Airlines Catering Company	Inside	Listed	Saudi Technology Investment Development Company	Inside	Unlisted
	Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf)	Inside	Listed	Passport Capital	Outside	Limited Liability
				Jadwa Investment	Inside	Unlisted
				Booz & Company	Outside	Joint Stock
				Schlumberger	Outside	Joint Stock
				Saudi Fransi Capital (SFC)	Inside	Unlisted
				Saudi Post	Inside	Government Institution
				General Organization for Postal and Logistics Services (SPL)	Inside	Institution

Third - Board Committees

Overview of Duties and Responsibilities of Board Committees, with their Meetings' Number, Dates, and the Attendance Record for Each Meeting:

First - Executive Committee:

Executive Committee Competencies & Duties

- Study the strategic and operational plans and budgets of the Company and express opinions to be presented to the Board of Directors.
- Review economic feasibility studies for new economic projects and submit recommendations.
- Study and submit initial approvals on topics of high importance that require decisions by the Board of Directors.
- Take decisions on matters authorized by the Board that are outside the competencies of the Managing Director and CEO of the Company. Such matters may include topics related to investments, human resources, compensation, information technology, capital expenditures, procurement and others within the limits authorized by the Committee.
- Define the investment objectives and investment policies of the Company, including invest in assets allowed for investment in accordance with the applicable regulatory restrictions.
- Identify asset types.
- Long-term policies and objectives related to investments, determining risk tolerance levels, diversification of assets and investment currencies, and choosing between investing internally and externally.
- Determine the nature of investment management arrangements and their supervision.
- Appointing managers and trustees of investment portfolios, and evaluating their performance periodically.
- Determine how and how often performance analysis is measured.
- Approving various investment operations according to the specified investment policy. The Executive Committee can delegate the powers of approval, within certain financial limits, to the CEO/CFO to exercise them either jointly or individually in accordance with the terms of the authorization granted.
- Review and study the investment policy of the Company based on performance evaluation.
- Evaluate investment results to determine the success of the implemented investment strategies, report on investment results to the Board and ensure compliance with the investment policy and key guiding principles.
- Conclude short and long term investment agreements, and facilities and loan agreements within the limits of their powers.
- Follow up on the implementation and development of the Company's organizational structures, and decisions that ensure the efficiency of their implementation and development.
- Review the administrative regulations with the Company's management, and take decisions that enable management to put them into practice.
- Contact senior officials in government and private agencies to overcome the difficulties that hinder the Company's work and explain its programs to officials.
- Review and follow up on the implementation of all Company's projects and take decisions under the powers delegated to it, and discuss the obstacles encountered in the implementation of various projects, clarify their causes and ways to address them and recommend appropriate solutions.
- Evaluate designs and technical specifications in order to make appropriate recommendations.
- Take appropriate decisions on the topics that the Board of Directors authorizes the Committee to discuss, review and take appropriate decisions.
- Do everything that would advance the business and achieve the Company's objectives within the limits of the laws, regulations and decisions issued by the Board.
- Conduct purchases and acquisitions of existing stations or lands for the purpose of establishing stations on them, within the set powers.
- Study the proposals submitted by the Company's management that relate to achieving the Company's objectives or its administrative, financial and operational activities, and take the decision that enables the Executive Management to speed up implementation or submit it to the Board, as the Committee deems necessary.
- Carry out tasks assigned by the Board or the Chairman for study or implementation.

Main Achievements of the Executive Committee:



Attendance Record of Executive Committee Meetings

The following table shows the attendance record of the Executive Committee meetings during 2023, as follows:

S	Name	Number of Meetings is (5) Meetings					Attendance Rate
		Meeting No. (1) 21/03/2023G	Meeting No. (2) 13/06/2023G	Meeting No. (3) 12/09/2023G	Meeting No. (4) 24/10/2023G	Meeting No. (5) 202023/12/G	
	Ibrahim Mohammed Al-Hadithi Chairman of the Committee - Non-Executive	√	√	√	√	√	100%
	Sultan bin Mohammed Al-Hadithi Committee Member - Executive	√	√	√	√	√	100%
	Riyad Saleh Al-Malik Committee Member - Executive	√	√	√	√	√	100%

√ Attended
√ Average Attendance Rate 100%



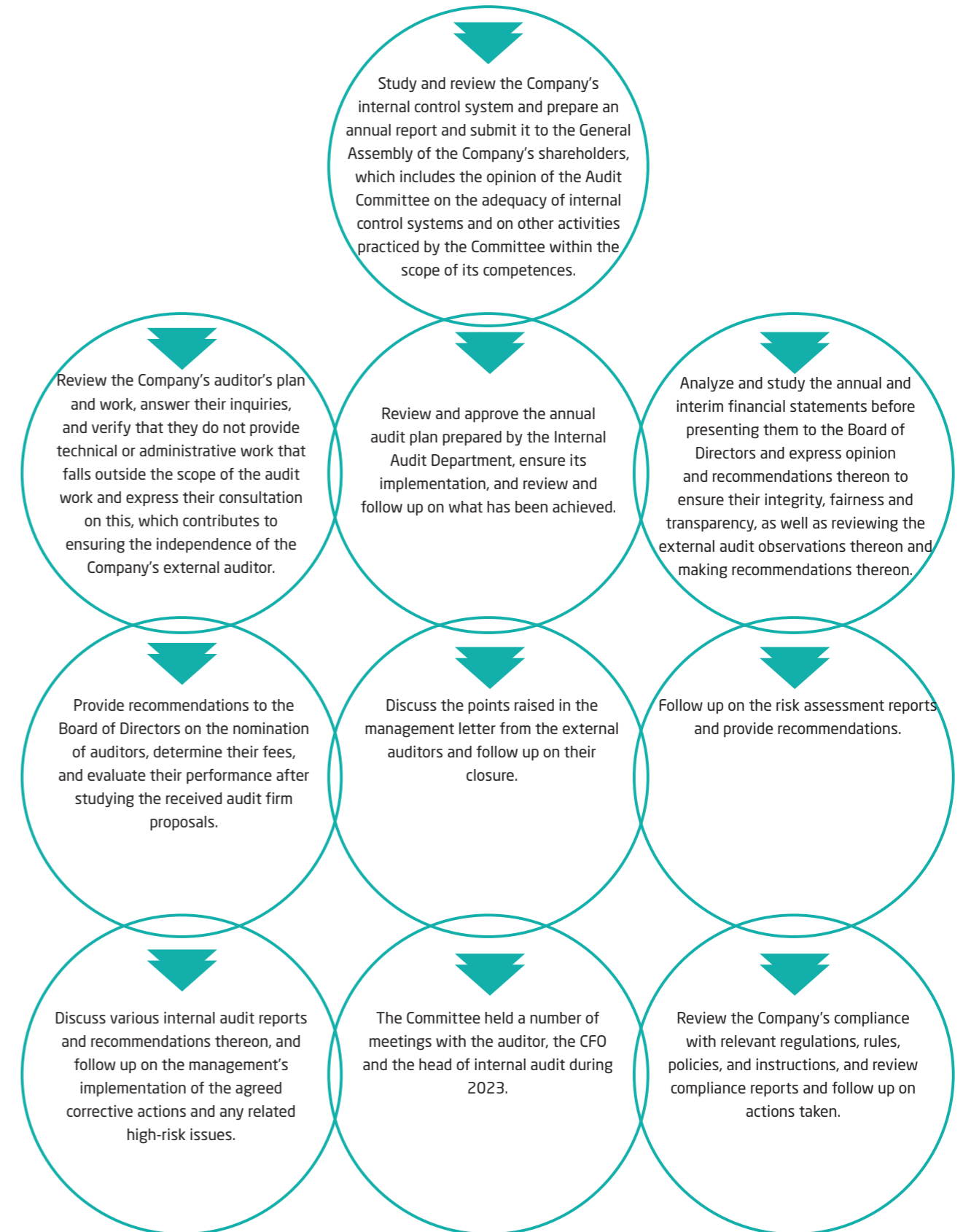
Second - Audit Committee:

Audit Committee Competencies & Duties

- Study the initial and annual financial statements of the Company before submitting them to the Board of Directors, and expressing their opinion and recommendation in their regard to ensure their integrity, fairness and transparency.
- At the request of the Board of Directors, provide technical opinion as to whether the Board of Directors' report and financial statements are fair, balanced, and understandable and include information that allow shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- Study any important or unusual issues included in the financial reports.
- Investigate any issues raised by the Company's CFO, or whomever assumed the duties thereof, or the Company's compliance officer, or auditor.
- Verify the accounting estimates in significant and material matters mentioned in the financial statements.
- Study the accounting policies followed in the Company and provide an opinion and recommendation to the Board of Directors in this regard.
- Study and review the internal controls, financial, and risk management systems of the Company.
- Study internal audit reports and follow up the implementation of corrective actions to the comments contained therein.
- Recommend to the Board of Directors the appointment of the Director of the Internal Audit Department or the Internal Auditor and propose his remuneration.
- Monitor and oversee the performance and activities of the internal auditor and the Internal Audit Department in the Company to ensure the availability of the necessary resources and their effectiveness in performing the tasks assigned to them.
- Recommend to the Board of Directors the nomination of auditors, their dismissal, determine their fees and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of their contract.
- Verify the auditor's independence, objectivity, fairness and effectiveness of audit work, considering relevant rules and standards.
- Review the Company's auditor's plan and work, verify that he does not submit technical or administrative work outside the scope of the audit work, and provide its views thereon.
- Answer the inquiries of the Company's auditor.
- Study the Auditor's report and observations related to the financial statements and follow up measures taken in this respect.
- Review the results of regulatory authorities' reports and verifying that the Company has taken the necessary measures in this regard.
- Ensure the Company's compliance with the related laws, regulations, policies and instructions.
- Review the contracts and proposed related party transactions and provide its consultation to the Board in connection therewith.
- Submit the necessary issues to take an action on to the Board of Directors, and provide recommendations on the actions to be taken.

Main Achievements of the Audit Committee

The Committee held 11 meetings during the fiscal year 2023G, and the main achievements of the Committee included the following:



The Committee examined the Company’s internal control systems to ensure their effectiveness. It also studied and reviewed the main operational, financial and administrative risks that the Company may face, analyze them and evaluate solutions and treatments required to ensure the safety of the Company’s operations, as the review process was carried out in a periodic and continuous manner.

Audit Committee’s Opinion on the Adequacy of Internal Control Systems:

Based on the results of internal audit processes of a specific scope in accordance with the internal audit work plan, risk assessment, samples examined, in addition to the management’s work in implementing

any corrective actions, and based on the work of the external auditor, the results of his work, and discussions that took place with him and management, and in accordance with the reports submitted to the Audit Committee during the fiscal year 2023G, and the investigation and discussion carried out by the Committee, the Committee reviewed the Company’s internal control systems to ensure their effectiveness. It also studied and reviewed the main operational, financial, and administrative risks that the Company may face, and evaluated the solutions and treatments required to ensure the safety of the Company’s operations. Based on all the above, the Audit Committee did not find any substantial observations with a significant impact on the adequacy of the internal control system that may require to be disclosed for the

financial year ending on December 31, 2023G. It is also important to note that no audit or review system can provide comprehensive and absolute assurance about the integrity and effectiveness of internal control in the Company.

There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, nor the Board refused to accept any decisions regarding the appointment of the Company’s auditor, his dismissal, the determination of his remuneration, the evaluation of his performance or the appointment of the internal auditor.

The Audit Committee did not recommend the appointment of a new internal auditor to the Company, and the auditor has no reservations about the annual financial statements.

Attendance Record of the Audit Committee Meetings

The following table shows the attendance record of the Audit Committee meetings during 2023, as follows:

S	Name	Number of Meetings is (11) Meetings											Attendance Rate
		Meeting No. (1) 07/03/2023G	Meeting No. (2) 07/05/2023G	Meeting No. (3) 11/05/2023G	Meeting No. (4) 23/05/2023G	Meeting No. (5) 26/07/2023G	Meeting No. (6) 22/08/2023G	Meeting No. (7) 05/09/2023G	Meeting No. (8) 23/10/2023G	Meeting No. (9) 07/11/2023G	Meeting No. (10) 30/11/2023G	Meeting No. (11) 26/12/2023G	
	Majid Nasser Al-Subaie Chairman of the Committee - Independent	√	√	√	√	√	√	√	√	√	√	√	100%
	Abdullah Sagheer Al-Husseini Non-Board Member	√	√	√	√	√	√	√	√	√	√	√	100%
	Ali M. Al-Hadithi Non-Board Member	√	√	√	Apologized	√	√	√	√	√	√	√	100%

√ Attended

√ Average Attendance Rate 96.97%

* Audit Committee Meetings No. (1, 2, 3, 4, 5, 10, 11) were held via virtual technology and the rest of the meetings in person.



Biographies of Non-Board Committee Members:

Abdullah Sagheer Al-Husseini

Audit Committee Member (Non-Board)



Qualifications and Experience:

- Bachelor's Degree, Accounting, College of Economics and Administration, King Abdulaziz University.
- Master's Degree, Accounting, College of Administrative Sciences, King Saud University.
- PhD, Financial Accounting and Auditing.
- Member, Saudi Organization for Certified Public Accountants.
- Member, American Accounting Group.
- Member, Saudi Institute of Internal Auditors.
- Professor, College of Business Administration, Prince Sultan National University.
- He has held several board memberships. He chaired several Audit Committees, their membership and other Board Committees of many companies, in addition to various consulting experiences.

Current Positions:

- Professor, College of Business Administration, Prince Sultan National University.

Previous Positions:

- Financial Manager.
- Financial Advisor.
- Accountant and Auditor.

Ali M. Al-Hadithi

Audit Committee Member (Non-Board)



Qualifications and Experience:

Bachelor of Business Administration from the University of Arizona, majoring in Finance. He has diverse experiences in several consulting and investment companies. He participated in many initiatives related to the Kingdom's Vision 2030 in a number of government ministries. He also participated in business analysis and development for a number of government ministries and the private sector. He held the position of investment consultant and analyst for a number of core projects for some private sector companies, Board Member of Nahaz Investment Company, and Member of the Executive Committee and Audit Committee.

Current Positions:

- Member, Board of Directors, Nahaz Investment Company.
- Member, Executive Committee & Audit Committee, Nahaz Investment Company.
- Director, Business Development Department, Nahaz Investment Company.

Previous Positions:

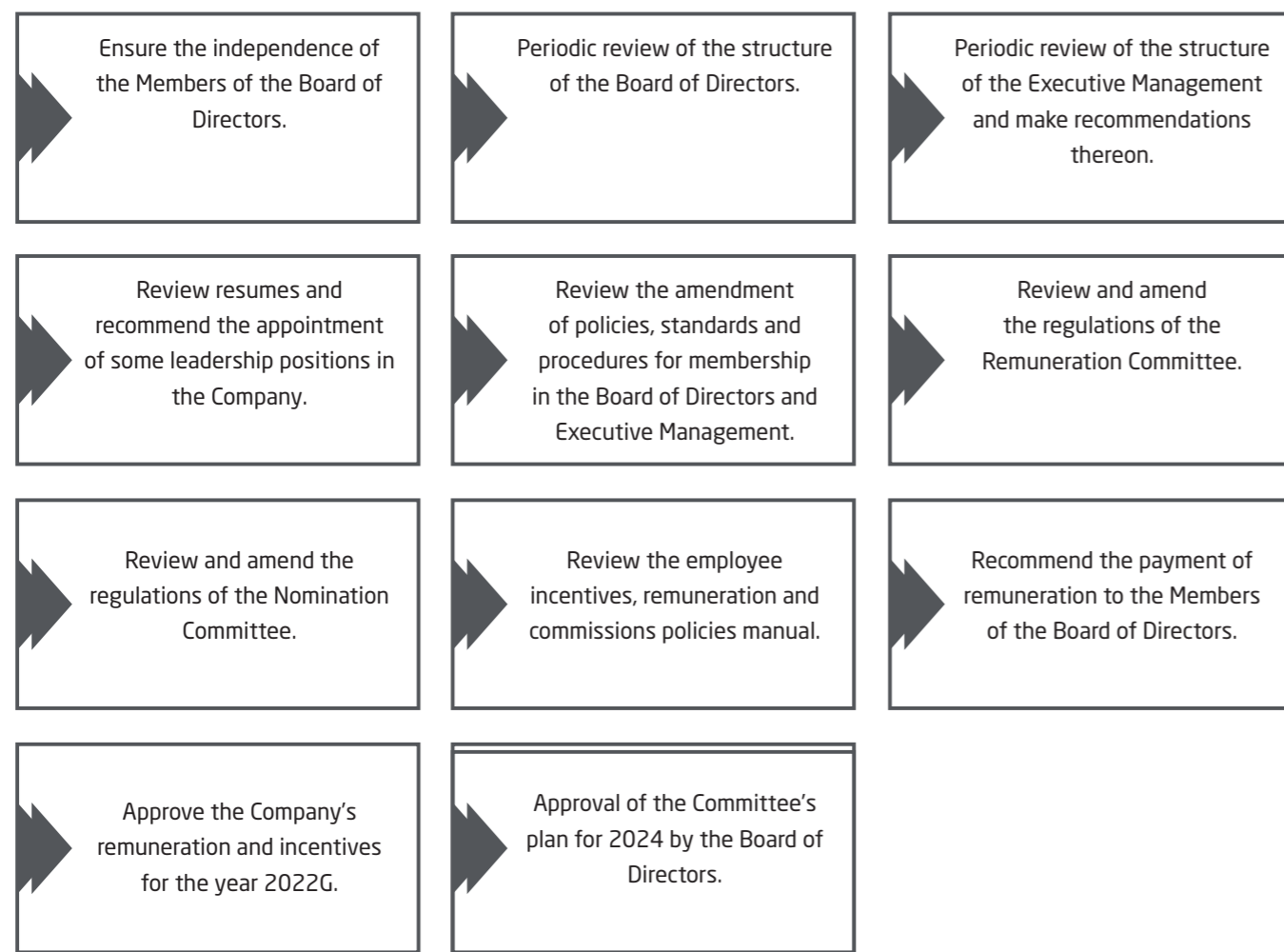
- Business Analyst – Operations & Consulting, Deloitte & Touche Middle East.
- Investment Analyst – Local Investments, Zawaya Real Estate Development Company.

Third - Nomination and Remuneration Committee:

Nomination and Remuneration Committee Competencies & Duties

- Develop a clear policy for the remuneration of the Board Members, Board Committees and the Executive Management. Then, submit this policy to the Board of Directors for review in preparation for approval by the General Assembly. This policy should take into account the following criteria: performance, disclosure, and verification of implementation.
- Clarify the relationship between the remuneration granted and the applicable remuneration policy, and indicate any material deviation from this policy.
- Periodic review of the remuneration policy, and evaluate its effectiveness in achieving the objectives.
- Recommend to the Board of Directors the remuneration of the Board Members, Board Committees and Senior Executives, in accordance with the approved policy.
- Propose clear policies and standards for the Board and Executive Management membership.
- Recommend to the Board of Directors the nomination and re-nomination of its members, in accordance with the approved policies and standards, taking into account not nominating anyone who has previously been convicted of a crime of breach of trust.
- Develop a description of the capabilities and qualifications necessary for Board membership and Executive Management positions.
- Determine the time that the Member must allocate to the activities of the Board.
- Review, on an annual basis, the necessary needs of the proper skills and experiences for Board membership, and Executive Management positions.
- Review the structure of the Board of Directors and Executive Management and provide recommendations on changes that can be made.
- Ensure, on an annual basis, the independence of the Independent members, and that there is no conflict of interests, in case the Member is a Board Member in another company Board.
- Develop a description of Executive Members, Non-Executive Members, Independent Members and Senior Executives.
- Establish special procedures in the event of a vacancy in the position of a Board Member or Senior Executives.
- Determine the strengths and weaknesses of the Board, and propose solutions to address them, in accordance with the best interest of the Company.

Main Achievements of the Nomination and Remuneration Committee



Attendance Record of the Nomination and Remuneration Committee

The following table shows the attendance record of the Nomination and Remuneration Committee meetings during 2023G, as follows:

S	Name	Number of Meetings is (5) Meetings				Attendance Rate
		Meeting No. (1) 01/03/2023G	Meeting No. (2) 03/08/2023G	Meeting No. (3) 17/10/2023G	Meeting No. (4) 19/12/2023G	
	Ali bin Mohammed Aba Al-Khail Chairman of the Committee - Independent	√	Apologized	√	√	75%
	Majid bin Mohammed Al-Othman Committee Member - Non-Executive	√	√	√	√	100%
	Yousef bin Hamad Al-Yousifi Committee Member - Independant	√	√	√	√	100%
	Sulaiman Bin Abdulaziz Al zabin	He resigned from the Board of Directors on January 30, 2023G.				

√ Average Attendance Rate 91.67%

* The Nomination and Remuneration Committee meeting No. (3) was held via virtual technology.

Share Ownership for Board Members and Senior Executives

The following table shows the share ownership of the Board of Directors and Senior Executives of the Company (Including their spouses and minor children) as follows:

S	Name	Ownership			
		Starting Period	Change	December 31, 2023G	% of Change
	Ibrahim Mohammed Al-Hadithi	6,967,280 shares	(757,196) shares	6,210,084 shares	(10.87%)
	Sultan bin Mohammed Al-Hadithi	304,020 shares	(270,482) shares	33,538 shares	(88.97%)
	Nasser bin Abdullah Al-Aufi	1,333 shares	-	1,333 shares	-
	Majid bin Mohammed Al-Othman	1,111 shares	-	1,111 shares	-
	Riyad Saleh Al-Malik	82,000 shares	38,000 shares	120,000 shares	46.34%
	Faisal bin Abdullah Al-Jedaie	-	-	-	-
	Ali bin Mohammed Aba Al-Khail	1,333 shares	-	1,333 shares	-
	Majid Nasser Al-Subaie	79,500 shares	(75,611) shares	3,889 shares	(95.11%)
	Yousef bin Hamad Al-Yousifi	-	-	-	-
	Mohammed Abu Saree Al-Deeb	-	-	-	-
	Islam Mohamed Khairy Ahmed	-	-	-	-
	Saud Bin Sulaiman Al-Otaibi	-	-	-	-

Ownership of Substantial Shares

S	Name	Ownership Ratio			
		Previous Ownership Ratio	Change	December 31, 2023G	% Change
	Ibrahim Mohammed Al-Hadithi	10.35% (6,210,084 shares)	-	10.35% (6,210,084 shares)	-
	Nahaz Investment Company	7.26% (4,353,384 shares)	-	7.26% (4,353,384 shares)	-

Declaration: With regard to notifications related to large ownership stakes and their change during the year, Saudi Automotive Services Company (SASCO) confirms that it has not received any such notification from majority shareholders indicating a change in their ownership during the year. The Company relies on monitoring information based on information from the Saudi Stock Exchange (Tadawul).

Shareholders Assemblies during 2023G:

The Extraordinary General Assembly (second meeting), which was held on Tuesday 10 Dhu al-Qa'da 1444H corresponding to May 30, 2023G via virtual technology using the Tadawulaty system:

Names of the Members of the Board of Directors Attending the General Assembly Meeting:

S	Name	Position
1	Ibrahim Mohammed Al-Hadithi	Chairman of the Board of Directors Chairman of the Executive Committee
2	Sultan bin Mohammed Al-Hadithi	Vice Chairman & Managing Director Executive Committee Member
3	Nasser bin Abdullah Al-Aufi	Board Member
4	Majid bin Mohammed Al-Othman	Board Member Nomination and Remuneration Member
5	Riyad Saleh Al-Malik	Board Member & Chief Executive Officer Executive Committee Member
6	Ali bin Mohammed Aba Al-Khail	Board Member Nomination and Remuneration Chairman
7	Majid Nasser Al-Subaie	Board Member Audit Committee Chairman

He apologized for private reasons

S	Name	Title
	Yousef bin Hamad Al-Yousifi	Board Member

The Assembly Adopted All Items of the Agenda, as follows:

- Review and discuss the Board of Directors report for the financial year ended December 31, 2022G.
- Approve and discuss the Company auditor report for the financial year ended December 31, 2022G.
- Review and discuss the financial statements for the financial year ended December 31, 2022G.
- Approve the appointment of the Company's auditor (Ernst & Young Company) from among the candidates, and determine its remunerations. The appointment was based on the recommendation of the Audit Committee. The aim was to examine, review and audit the financial statements for the Quarters (second, third and fourth) and annual of the fiscal year 2022G, and the first Quarter of the fiscal year 2023G.
- Approve the discharge of the Members of the Board of Directors from liability for the fiscal year ending on 31 December 2022G.
- Approve the amendment of the Company's Bylaws to align it with the new Companies Law.
- Approve the amendment of policies, standards and procedures for membership in the Board of Directors and Executive Management.
- Approve the amendment of the regulations of the Audit Committee, the controls and procedures of the Committee's work, duties, the rules for selecting its Members, how they are nominated, their term of office and their remunerations.
- Approve the amendment of the Regulations of the Nominations Committee, the controls and procedures of the Committee's work, duties, the rules for selecting its Members, how they are nominated, their term of office and their remunerations.
- Approve the amendment of the Regulations of the Remuneration, the controls and procedures of the Committee's work, its tasks, the rules for selecting its Members, how they are nominated, their term of office and their remunerations.
- Approve the amendment of the remuneration policy of the Board Members, Board Committees and the Executive Management.
- Approve the disbursement of (SAR 3,150,000) as remuneration to the Board Members for the financial year ended December 31, 2022G.
- Approve the authorization of the Board of Directors to distribute interim dividends to shareholders on a semi-annual or quarterly basis for the fiscal year 2023G.
- Approve to delegate the authority of the Ordinary General Assembly to the Board of Directors with the authorization mentioned in paragraph (1) of Article Seventy-One of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of term of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained in the Executive Bylaws of the Companies Law for Listed Joint Stock Companies.
- Approve the business and contracts that will take place between SASCO and Nahaz Investment Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases Station No. (8) from Najmat Al-Madaen Real Estate Company for an amount of (SAR 300,000 annually), for a period of (10) ten years starting from 29/04/2020G. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary company) and Najmat Al-Madaen Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases Station No. (10) from Najmat Al-Madaen Real Estate Company for an amount of (SAR 1 million annually), for a period of (10) ten years starting from 29/04/2020G. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary company) and Najmat Al-Madaen Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases two stations No. (1 and 2) from Nahaz Investment Company for an amount of (SAR 1.4 million annually) for a period of (10) ten years starting from 01/01/2018G, and renewable. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary company) and Najmat Al-Madaen Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases Station No. (8) from Najmat Al-Madaen Real Estate Company for an amount of (SAR 300,000 annually), for a period of (10) ten years starting from 29/04/2020G. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary company) and Najmat Al-Madaen Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases Station No. (10) from Najmat Al-Madaen Real Estate Company for an amount of (SAR 1 million annually), for a period of (10) ten years starting from 29/04/2020G. There are no preferential terms in these businesses and contracts.

- Approve the business and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary company) and Najmat Al-Madaen Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves that Zaiti Petroleum Services Company leases Station No. (11) from Najmat Al-Madaen Real Estate Company for an amount of (SAR 350,000 annually), for a period of (8) eight years starting from 01/05/2020G. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between SASCO and Nahaz Investment Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Mohammed Al-Hadithi and Sultan bin Muhammad Al-Hadithi. The deal involves fuel purchases by Nahaz Investment Company for one year, noting that the amount paid during 2022G is SAR 104,975.81. There are no preferential terms in these businesses and contracts.
- Approve the business and contracts that will take place between SASCO and Najmat Al-Madaen Real Estate Company. In this deal,

some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves fuel purchases by Najmat Al-Madaen Real Estate Company for one year, noting that the amount paid during 2022G is SAR 311,036. There are no preferential terms in these businesses and contracts.

• Approve the business and contracts that will take place between SASCO and Zawaya Real Estate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves fuel purchases by Zawaya Real Estate Company for one year, noting that the amount paid during 2022G is SAR 14,795.08. There are no preferential terms in these businesses and contracts.

• Approve the business and contracts that will take place between SASCO and Fun Gate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves fuel purchases by Fun Gate Company for one year, noting that the amount paid

during 2022G is SAR 39,249.5. There are no preferential terms in these businesses and contracts.

• Approve the business and contracts that will take place between SASCO and Fun Gate Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Majid bin Muhammad Al-Othman and Sultan bin Muhammad Al-Hadithi. The deal involves that Fun Gate Company leases residential rooms at station No. (2) for one year, noting that the amount paid during 2022G is SAR 50,000. There are no preferential terms in these businesses and contracts.

• Approve the business and contracts that will take place between SASCO and Mulkia Investment Company. In this deal, some Members of the Board of Directors have an indirect interest, namely Ibrahim bin Muhammad Al-Hadithi, Sultan bin Muhammad Al-Hadithi and Majid bin Muhammad Al-Othman. The deal is a water supply agreement with Rugove Company through an investment water fund for a period of (3) three years starting from December 2020G. It is noted that there were no transactions during 2022G, and there are no preferential terms in these businesses and contracts.

Recommendation Regarding the Auditor

There are no comments or reservations by the Board of Directors or by the Audit Committee on the current auditor Ernst & Young. Noting that 2023G is the second year of the auditor. The Extraordinary General Assembly held on May 2023 approved the

appointment of "Ernst & Young Company" as the Company's auditor from among the candidates, based on the Audit Committee recommendation and determine its remunerations, to examine, review and audit the financial statements for the Quarters

(second, third and fourth) and annual of the fiscal year 2023G, and the first Quarter of the fiscal year 2024G.

Remuneration and Compensations paid to Board Members and Senior Executives

Remuneration of Board Members

The following table shows what was disbursed to the Members of the Board of Directors in the Company during the year 2023G, as follows (all amounts in SAR):

Description	Fixed Remunerations							Variable Remunerations					End of Service Gratuity	Grand Total	Expenses Allowance
	Lump Sum	Board Session Attendance Allowance	Total Allowance for Committees Sessions Attendance	In-kind Benefits	Remuneration of Technical, Administrative and Advisory Works	Remuneration of Board Chairman, Managing Director, or Secretary, if a Member	Total	Profit Sharing	Periodic Remuneration	Short-term Incentive Plans	Long-term Incentive Plans	Granted Shares			
First: Independent Members															
Ali bin Mohammed Aba Al-Khail	350.000	18.000	13.000	-	-	-	381.000	-	-	-	-	-	-	381.000	-
Sulaiman Bin Abdulaziz Al zabin	350.000	-	-	-	-	-	350.000	-	-	-	-	-	-	350.000	-
Faisal bin Abdullah Al-Jedaie	-	15.000	-	-	-	-	15.000	-	-	-	-	-	-	15.000	-
Majid Nasser Al-Subaie	350.000	20.000	47.000	-	-	-	417.000	-	-	-	-	-	-	417.000	-
Yousef bin Hamad Al-Yousifi	350.000	23.000	18.000	-	-	-	391.000	-	-	-	-	-	-	391.000	-
Total	1.400.000	76.000	78.000	-	-	-	1.554.000	-	-	-	-	-	-	1.554.000	-
Second: Non-Executive Members															
Ibrahim Mohammed Al-Hadithi	350.000	23.000	23.000	-	-	-	396.000	-	-	-	-	-	-	693.000	-
Nasser bin Abdullah Al-Aufi	350.000	23.000	-	-	-	-	373.000	-	-	-	-	-	-	373.000	-
Majid bin Mohammed Al-Othman	350.000	18.000	18.000	-	-	-	386.000	-	-	-	-	-	-	386.000	-
Total	1050000	64.000	41.000	-	-	-	1.155.000	-	-	-	-	-	-	1.155.000	-
Third: Executive Members															
Sultan bin Mohammed Al-Hadithi	350.000	23.000	23.000	-	-	-	396.000	2.691.193	-	-	-	-	2.691.193	3.087.193	5.258
Riyad Saleh Al-Malik	350.000	23.000	23.000	-	-	-	396.000	-	-	-	-	-	-	396.000	26.217
Total	700.000	46.000	46.000	-	-	-	792.000	2.691.193	-	-	-	-	2.691.193	3.483.193	31.475

* In accordance with Chapter Two (Article Three) of the regulatory controls and procedures issued in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority, and based on the Company's remuneration policy, an annual remuneration is paid to the managing director (in consideration for the work and executive and administrative positions assigned to him in the Company as managing director). It is determined by a decision of the Board of Directors after a recommendation from the Remuneration Committee, provided that the decision is renewed with each new session of the Board.

Senior Executives Remunerations

The following statement shows what was paid to five of the Company's senior executives, who received the highest rewards and compensations, including the CEO and CFO during 2023, as follows (all amounts in SAR):

Senior executive positions	Fixed Remunerations				Variable Remunerations						End of service remuneration	The total remuneration of the executives on behalf of the Board, if any	Gross Total
	Salaries	Allowances	Benefits	Total	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
CEO	1,512,000	537,600	0	2,049,600	2,147,072	0	0	0	0	2,147,072	173,364	0	4,370,036
CEO (Naft Company)	1,800,000	630,000	0	2,430,000	1,000,000	0	0	0	0	1,000,000	219,167	0	3,649,167
CFO	660,000	231,000	0	891,000	125,810	0	0	0	0	125,810	37,836	0	1,054,646
COO	720,000	267,600	0	987,600	720,000	0	0	0	0	720,000	82,548	0	1,790,148
GENERAL MANAGER OF OSTOOL AL NAJIL COMPANY	436,364	109,091	0	545,455	94,853	0	0	0	0	94,853	50,964	0	691,272
TOTAL	5,128,364	1,775,291	0	6,903,655	4,087,735	0	0	0	0	4,087,735	563,879	0	11,555,269

SASCO Committees Members Remunerations

The following statement shows what was paid to SASCO Committees Members in 2023, as follows (all amounts in SAR):

Statement	Fixed Remuneration (except for meeting attendance)	Allowance for attending Committees	Total
EXECUTIVE COMMITTEE MEMBERS:			
Ibrahim Mohammed Al-Hadithi	50,000	23,000	73,000
Sultan Mohammed Al-Hadithi	50,000	23,000	73,000
Riyad Saleh Al-Malik	50,000	23,000	73,000
TOTAL	150,000	69,000	219,000
AUDIT COMMITTEE MEMBERS:			
Majid Nasser Al-Subaie	50,000	47,000	97,000
Abdullah Sagheer Al-Husseini Non-Board Member	80,000	47,000	127,000
Ali Mohammed Al-Hadithi Non-Board Member	80,000	44,000	124,000
TOTAL	210,000	138,000	348,000
REMUNERATION AND NOMINATION COMMITTEE MEMBERS:			
Ali Mohammed Aba Al-Khail	50,000	13,000	63,000
Majid Mohammed Al-Othman	50,000	18,000	68,000
Yousef Hamad Al-Yousifi	44,061	18,000	62,061
TOTAL	144,061	49,000	193,061

Naft Board Members Remunerations

The following statement shows what was paid to Naft Board Members in 2023, as follows (all amounts in SAR):

Statement	Fixed Remunerations						Variable Remunerations						Indemnity	Total summation	Expense allowance	
	A Certain Amount	Allowance for attending	Total allowance for attending committee meetings	Advantages	Remuneration for technical, administrative and advisory work	Remuneration of the chairman of the council, the managing director or the secretary, if he is a member	Total	Profit percentage	Periodic bonuses	Short term incentive plans	Long term incentive plans	Granted shares				Total
Ibrahim Mohammed Al-Hadithi	-	10,000	-	-	-	-	10,000	-	350,000	-	-	-	350,000	-	360,000	-
Majid bin Mohammed Al-Othman	-	10,000	10,000	-	-	-	20,000	-	350,000	-	-	-	350,000	-	370,000	-
Sultan Mohammed Al-Hadithi	-	10,000	10,000	-	-	-	20,000	-	350,000	-	-	-	350,000	-	370,000	-
TOTAL	-	30,000	20,000	-	-	-	50,000	-	1,050,000	-	-	-	1,050,000	-	1,100,000	-

Naft Committees Members Remunerations

The following statement shows what was paid to Naft Committees Members in 2023, as follows (all amounts in SAR):

Statement	Fixed Remunerations (except for meeting attendance)	Allowance for attending Committees	Total
EXECUTIVE COMMITTEE MEMBERS:			
Majid Mohammed Al-Othman	36,301	10,000	46,301
Sultan Mohammed Al-Hadithi	36,301	10,000	46,301
Mamdouh Jalal Al-Rukhaimi	58,082	10,000	68,082
Riyad Saleh Al-Malik	58,082	10,000	68,082
TOTAL	188,766	40,000	228,766
AUDIT COMMITTEE MEMBERS:			
Yousef Hamad Al-Yousifi	45,370	10,000	55,370
TOTAL	45,370	10,000	55,370

SASCO Palm Board Members Remunerations

The following statement shows what was paid to SASCO Palm Board Members in 2023, as follows (all amounts in SAR):

Statement	Fixed Remunerations							Variable Remunerations							Indemnity	Total summation	Expense allowance
	A Certain Amount	Allowance for attending	Total allowance for attending committee meetings	Advantages	Remuneration for technical administrative and advisory work	Remuneration of the chairman of the council, the managing director or the secretary, if he is a member	Total	Profit percentage	Periodic bonuses	Short term incentive plans	Long term incentive plans	Granted shares	Total				
Sultan bin Mohammed Al-Hadithi	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
Riyad Saleh Al-Malik	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
TOTAL	0	6,000	0	0	0	0	0	0	0	0	0	0	0	0	6,000	0	

Ostool Al Naqil Board Members Remunerations

The following statement shows what was paid to Ostool Al Naqil Board Members in 2023, as follows (all amounts in SAR):

Statement	Fixed Remunerations							Variable Remunerations							Indemnity	Total summation	Expense allowance
	A Certain Amount	Allowance for attending	Total allowance for attending committee meetings	Advantages	Remuneration for technical, administrative and advisory work	Remuneration of the chairman of the council, the managing director or the secretary, if he is a member	Total	Profit percentage	Periodic bonuses	Short term incentive plans	Long term incentive plans	Granted shares	Total				
Majid bin Mohammed Al-Othman	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
Riyad Saleh Al-Malik	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
Hasan Abdullah Al-Manasif	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
Islam Mohammed Khairy	0	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	
TOTAL	0	12,000	0	0	0	0	0	0	0	0	0	0	0	0	12,000	0	

Dividend Distribution

• According to the Company Bylaws "Dividend Distribution" and the Saudi Companies Law applicable, the Company shall transfer 10% of its net income of the year to form the statutory reserve of the Company, until such reserve reaches (30%) of the capital. Accordingly, the Company has transferred 10% of its net income to its statutory reserve. Such reserve may not be distributed.

• According to Article (58) of the Company Bylaws entitled "Reserves and Dividend Distribution": "Such reserve may not be allocated for any purposes, except by virtue of a resolution issued by the Extraordinary General Assembly. If such reserve is not allocated for a specific purpose, the Ordinary General Assembly may, based upon the Board proposal, decide to disperse the same in a way that would be in the best interest of the Company and its shareholders. The Ordinary General Assembly may use the retained earnings and the reserves, that may be distributed, to pay the outstanding amount of the share value or any part thereof, without prejudice to achieving

justice among shareholders, and the General Assembly shall determine the percentage to be distributed on shareholders from the net profits following the deduction of reserves, if any.

• According to Article (59) of the Company Bylaws, «Interim Dividends»: "The Company Board of Directors has the power to approve the disbursement of interim dividends to its shareholders on a quarterly or semi-annual basis if the Company's financial position permits and its liquidity is available in accordance with the regulations and procedures established by the competent authorities".

• The shareholder is entitled to his share of dividends in accordance with the resolution of the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution. The eligibility of the dividends is for the shareholders registered in the shareholders' records at the end of the date specified for entitlement, by virtue of Article (60) of the Company Bylaws.

• According to Article (61) of the Company

Bylaws: "If dividends haven't been distributed for any fiscal year, it is not permissible to distribute dividends for the following years except after payment of the percentage referred to in Article (10) of the Company Bylaws to the holders of preference shares for that year.

If the Company fails to pay the specified percentage of dividends for three consecutive years, the Special Assembly of holders of the preference shares may resolve either to attend the Company's General Assembly and participate in the vote or to appoint representatives to act on their behalf at the Board of Directors in proportion with the value of their shares in the capital until the Company is able to pay all the priority dividends allocated for holders of these shares for the previous years.

• You may access the Company Bylaws and the policy on the distribution of shares on the Company's website: www.sasco.com

Board Assurances

• No arrangement nor agreement whereby a Board Member or a Senior Executive waives any salary or compensation, nor is there any arrangement or agreement whereby a shareholder of the Company waives any rights to dividends.

• There is no report of the categories and numbers of any convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued or granted by the Company during the current financial year, nor is there any compensation received by the Company

for this.

• There is no report of any conversion or subscription rights under convertible debt instruments, contractual securities, subscription rights memoranda, or similar rights issued or granted by the Company.

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

• There are no investments or reserves established by the Company for the benefit of its employees.

• The Company did not receive from

shareholders with 5% or more ownership of the Company's shares or the auditor, a request to convene the General Assembly or add an item to the agenda of the Assembly during the current fiscal year.

• SASCO annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), as approved in the Kingdom with regard to the preparation of financial reports.

Actions taken by the Board of Directors to inform its Members (especially Non-Executives) of the shareholders' proposals and observations regarding the Company and its performance. The means relied upon by the Board of Directors to evaluate its performance and the performance of its Committees and Members.

• The Company's Investor Relations Department, as a department specialized in shareholders' affairs, receives the shareholders' proposals "if any", Then, submits them to the Board of Directors to be discussed during the Board meetings and take the appropriate decision.

• In the event of any suggestions or observations regarding the performance of the Company, these suggestions and observations will be discussed within the agenda of the periodic meetings of the Board of Directors.

• SASCO has not received any notification

of any interests to persons other than Members of the Board of Directors and Senior Executives, in relation to voting shares, or of any change in such rights during the year 2023.

Tools Adopted by the Board of Directors to Evaluate its Performance and the Performance of its Committees and Members

During 2019G, the Board of Directors adopted the necessary mechanism to evaluate the performance of the Board, its Committees and Members based on the recommendation of the Remuneration and

Nomination Committee. This mechanism includes the external evaluation of the Board of Directors so that the Board makes the necessary arrangements to obtain the evaluation of a competent external party

every three years or whenever necessary. The performance of the Board of Directors, its Members and the performance of its Committees were evaluated by an external evaluator (AMSAK Office).

Treasury Shares

There are no treasury shares held by the Company.

Remuneration Policy

According to what was disbursed to Board Members, Board Committees and Senior Executives, the remuneration policy stipulates:

• The minimum annual remuneration for the Members of the Board of Directors shall be SAR 200,000 for their membership in the Board of Directors and their management of the Company's business. In addition to additional remuneration in the event that the Member participates in any of the Board Committees.

• An allowance of SAR 5000 (per member/per session) shall be paid to Board Members for attending Board meetings.

• An annual remuneration shall be paid to the Managing Director to be determined by a decision of the Board of Directors, after a recommendation from the Remuneration Committee, provided that the resolution is renewed with each new session of the

Board. The Board of Directors may, upon the recommendation of the Remuneration Committee, consider the benefits and remuneration of the Managing Director from one period to another and amend them by a decision issued by the Board of Directors.

• An allowance of SAR 5000 (per member/per session) shall be paid to Committee Members for attending meetings.

• Disbursement of an annual remuneration of SAR 80,000 to each Non-Board Member of the Committees.

• Disbursement of an annual remuneration of SAR 50,000 to each Board Member of the Committees.

• An annual remuneration shall be paid to the CEO in accordance with a mechanism that considers the quantitative and qualitative performance, and in a manner that does not conflict with employment contract. This mechanism is approved by the Remuneration

Committee upon the recommendation of the Managing Director of the Company.

• The remuneration of Senior Executives is paid in accordance with the Company's employee's incentives, remuneration and commissions policies manual, and in a manner that does not conflict with what is stipulated in their employment contracts. The remunerations are approved before being disbursed by the Remuneration Committee after a recommendation from the Company's management. The Company's management may disburse an exceptional remuneration to any of the Senior Executives in accordance with the Company's powers manual.

• **The remuneration policy for Board Members, Board Committees and Senior Executives can be viewed on the Company's website (www.sasco.com.sa) approved by the Fourteenth Extraordinary General Assembly held on May 30, 2023G.**

Deviation from Remuneration Policy

• There are no deviations between the remunerations granted and the applicable remuneration policy, whether for Board Members, Board Committees or Senior Executives.

Board Declarations

The Board of Directors acknowledges that:

• The account records were properly prepared.

• The internal control system has been properly and effectively implemented.

• No significant uncertainty about the Company's ability to continue its activities.

Businesses and Contracts in which the Board Members Have a Direct or Indirect Interest:

There are businesses and contracts in which some Board Members have an interest in, as detailed below:

Entity	Contracts/Businesses	Related Party	Description	Contract Duration	BoD Notified	Assembly Notified
Nahaz Investment Company	A lease contract signed by Nahaz Investment Company for the purpose of using it as the headquarter of Ostool Al Naqil Company (a subsidiary company) and housing for workers.	Ibrahim Mohammed Al-Hadithi Sultan bin Mohammed Al-Hadithi	The contract value is SAR 763,658 per annum.	Year	√	√
Mulkia Investment Company	Investment portfolio management at NCB Capital.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	Portfolio management contract worth SAR 50 million.	Expires with 30 days written notice There are no transactions conducted during the year 2022G	√	√
Nahaz Investment Company	Zaiti Petroleum Services Company leases stations No. (1, 2) from Nahaz Investment Company.	Ibrahim Mohammed Al-Hadithi Sultan bin Mohammed Al-Hadithi	The contract value is SAR 1.4 million per year.	10 years as of 01/01/2018G renewable	√	√
Najmat Al-Madaen Company	Zaiti Petroleum Services Company station rental No. (8) from Najmat Al-Madaen Real Estate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The contract value is SAR 300,000 per year.	10 years as of 29/04/2020G	√	√
Najmat Al-Madaen Real Estate Company	Zaiti Petroleum Services Company station rental No. (10) from Najmat Al-Madaen Real Estate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The contract value is SAR 1 million per year.	The contract was renewed for 10 years as of 29/04/2020G	√	√
Najmat Al-Madaen Real Estate Company	Zaiti Petroleum Services Company station rental No. (1.1) from Najmat Al-Madaen Real Estate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The contract value is SAR 350,000 per year.	The contract was renewed for 8 years as of 01/05/2020G.	√	√

Entity	Contracts/Businesses	Related Party	Description	Contract Duration	BoD Notified	Assembly Notified
Nahaz Investment Company	Fuel purchases by Nahaz Investment Company and Arzak Agricultural Company.	Ibrahim Mohammed Al-Hadithi Sultan bin Mohammed Al-Hadithi	The value of fuel purchases during 2023G amounted to SAR 141,334.	Year	√	√
Najmat Al-Madaen Group Company	Fuel purchases by Najmat Al-Madaen Group Company (Najmat Projects Company and Ibrahim Mohammed Al-Hadithi Investment Company).	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The value of fuel purchases during 2023G amounted to SAR 290,935.	Year	√	√
Zawaya Real Estate Company	Fuel purchases by Zawaya Real Estate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The value of fuel purchases during 2023G amounted to SAR 18,325.	Year	√	√
Fun Gate Company	Fuel purchases by Fun Gate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The value of fuel purchases during 2023G amounted to SAR 42,068.	Year	√	√
Fun Gate Company	Renting (10) residential rooms at station No. (2) by Fun Gate Company.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	The contract value is SAR 50,000 per annum	Year	√	√
Mulkia Investment Company	Water supply agreement with Rugove Company through a Water Investment Fund.	Ibrahim Mohammed Al-Hadithi Majid bin Mohammed Al-Othman Sultan bin Mohammed Al-Hadithi	There are no transactions conducted during the year 2022G	3 years as of the date of 02/12/2020G.	√	√

√ Reported

• All of the above business and contracts were approved and authorized for the coming year at the 14th Extraordinary General Assembly meeting held on May 30, 2023G. The approval for the renewal of these business and contracts will be obtained from the next General Assembly of Shareholders.

• None of the Board Members have any businesses that compete with the Company, or any of the lines of business it operates in.

• There are no preferential terms for such contracts and business.

• Other than what is mentioned above, there are no transactions between the Company and a related party.

04: Sustainability and Environmental and Social Factors "Sustainable Growth and Employees Support"

SASCO Approach towards Sustainability

Environmental and Social Factors

Manpower



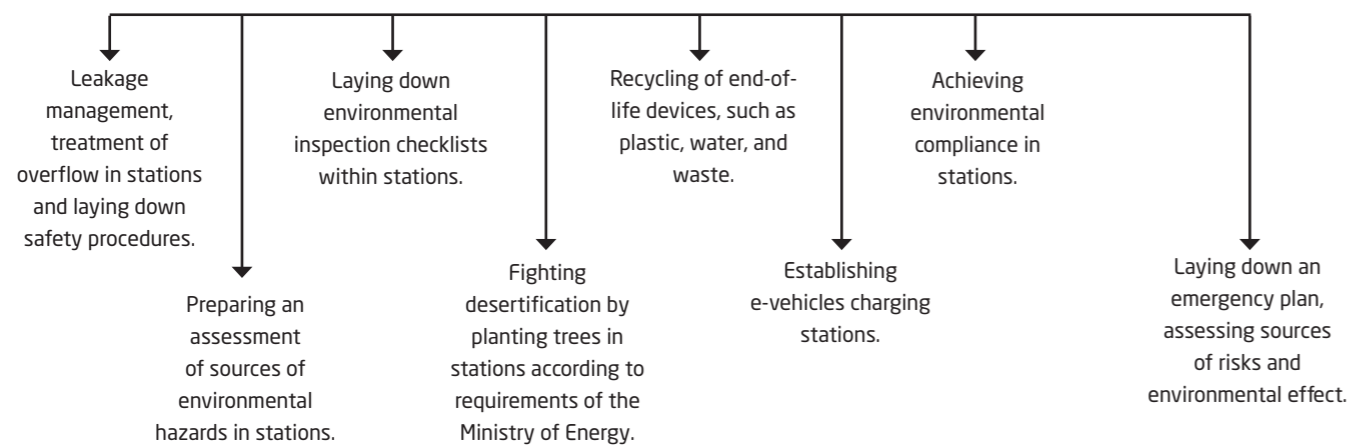
SASCO Approach towards Sustainability

Based on the customized Environment, Social, and Governance (ESG) principles built with the management team, SASCO maintains continuous dialogue with partners about their ESG initiatives and supports their efforts.

SASCO believes that its role far exceeds the management and development of oil services. The Company's social responsibility is the main drive for its participation in social activities, support for main issues and initiative for the

development of Health, Safety, and Environment (HSE) performance, let alone polishing skills and talents of its employees, developing the quality of life in all of its operational sites in line with the Kingdom's Vision 2030.

The Company's Role in Protecting the Environment may be summed up in the following:



Required Objectives

Efforts exerted to reduce environmental and carbon footprints.

Development of a relevant and well-functioning HR management system.



Well-balanced governance instances.

Control of suppliers and contractors.

Monitoring of customer satisfaction.

SASCO ESG Management Program will be geared towards creating environmental and social impacts of the brand visible to the wider

community. Main objectives are assessed periodically by the Supervisory Board, allowing SASCO to validate

satisfactory improvement and customer satisfaction.

SASCO Prominent Achievements in terms of Environment and Society in 2023G

- Obtaining the Best Place to Work Award.
- Obtaining ISO certification for quality management system (QMS), environmental management system (EMS) and Occupational Health and Safety Management System (OHSMS).
- Continuing to lead the sector with the best assessment, according to the labor market and Ministry of Human Resources indices at the level of gas stations business activity.
- Obtaining the occupational health and safety (OHS) certification, as the first company to obtain such certification in the gas stations sector.
- Launching SASCO academy and holding partnership with five international platforms.

SASCO Prominent Objectives in 2024G in terms of Safety and Quality

- Raising the performance quality.
- Enhancing and developing the quality of services, technologies and operations to achieve customer satisfaction.
- Enhancing operations accuracy and risk monitoring.
- Laying down safety measures and instructions encompassing all the Company's activities.
- Implementing the three ISO management systems: quality management system (QMS) ISO 9001, Occupational Health and Safety Management System (OHSMS) ISO 45001, and environmental management system (EMS) ISO 14001.

The Company assures that it strenuously works to maintain specified standards and requirements, by monitoring and enhancing operations and provided services. The Company also seeks to

maintain the safety of employees, customers, visitors and success partners against potential hazards in SASCO stations, through training, raising awareness, implementing occupational health and safety

measures, assessing risks, taking preventive measures, being keen on complying with requirements of supervisory authorities and implementing sustainable practices of environment protection.



Company's Approved Quality Assurance Standards



Management's Exerted Efforts to Enhance Quality Systems

- ▶ Laying down policies and objectives.
- ▶ Training and Awareness: The quality management provides necessary training programs to ensure the employees understanding and due implementation of the quality systems.
- ▶ Implementing the internal and external auditing to ensure degree of compliance with the quality requirements.
- ▶ Application of the quality management system (QMS) specifications.
- ▶ Managing quality operations and ensuring the due implementation of specified measures.
- ▶ Determining opportunities of enhancement and laying down necessary plans to achieve the same.
- ▶ Setting and complying with the standards, measures and specifications inside the Company and setting instructions to achieve such standards.
- ▶ Monitoring operations and analyzing the available data to enhance performance and achieve the required quality.
- ▶ Enhancing communication and cooperation among all Company departments to ensure achieving the quality at all operations and management levels.

Social and Environmental Aspects

In 2023G, the Company managed to provide high quality products and services to the consumers, having obtained the ISO certification for the integrated management system (IMS). It would be of worth here to mention that companies rarely obtain three certifications at the same time; namely: quality management system (QMS) ISO 9001, Occupational Health and Safety Management System (OHSMS) ISO 45001, and environmental management system (EMS) ISO 14001. This led to understanding customers' needs and creating competitive methods like SASCO application, mobile stations and self-fueling services, among other services. In addition to activating training for employees and workers, holding various training courses, meeting requirements of supervisory authorities and providing safety warning and fire systems according to the highest specifications and quality.

To promote this in 2024G, the Company aims to achieve the quality, safety and environmental objectives, KPIs, constant enhancement, use of technology and system automation that contribute to the enhancement and review of suppliers. Furthermore, the Company has created registers to record errors and determine potential risks by developing strategies to control such risks. The Company has also

employed technologies like analyzing causes for the occurrence of error-generating risks and the effect thereof, in addition to the international review of operations and registers in which the occurrence of risks is reported to ensure standards compliance and performance enhancement.

The Company: Lays down policies and procedures and increases employees' awareness by holding training courses and spreading information on the importance of complying with quality and safety standards. The Company further highlights activating the safety and quality management system such as quality management system (QMS) ISO 9001, Occupational Health and Safety Management System (OHSMS) ISO 45001, and environmental management system (EMS) ISO 14001. The Company also conducts performance assessment and compliance with legislations by approving such procedures, so that the Company would promote the employees understanding of the importance of the products quality and safety, which shall contribute to achieving objectives specified to maintain the Company reputation, provide quality safety equipment and provide PPE. The Company held training courses for more than 200 trainees from various departments and areas, let alone the implementation

of the Occupational Health and Safety Management System (OHSMS) ISO 45001; in addition to monitoring environmental risks through inspection visits and checklists, compliance with health and safety standards and regulations and communication and engagement with the employees.

The Quality Department confronts risks related to the safety in the stations and vocational errs of the Company's employees in general by the following:

- Risk Assessment and Analysis.
- Application of ISO Standards
- Training.
- Improvement Measures and Preemptive Procedures.
- Connection and Communication on All Levels. The Quality, Health, Safety, and Environment (QHSE) Department ensures meeting the highest QHSE international standards inside the Company. It further develops and implements policies and measures aiming to control risks and further works on enhancing performance and compliance with the QHSE laws and regulations. It exerts its utmost efforts to develop and implement the comprehensive QHSE management systems and enhance the safety of its employees, customers and the environment as well as boost the organizational performance and compliance with related statutes and regulations.

This Year's Social Events Included the Following:

Social Responsibility

In SASCO we believe that our role goes beyond managing and developing petroleum services. Our social responsibility constitutes the motivation for our participation in social activities, our support for important cases, and our initiative in developing health, safety and environment performance, in addition to refining skills and talents of our employees, and developing the quality of life in all our operations sites in line with the Kingdom's vision.



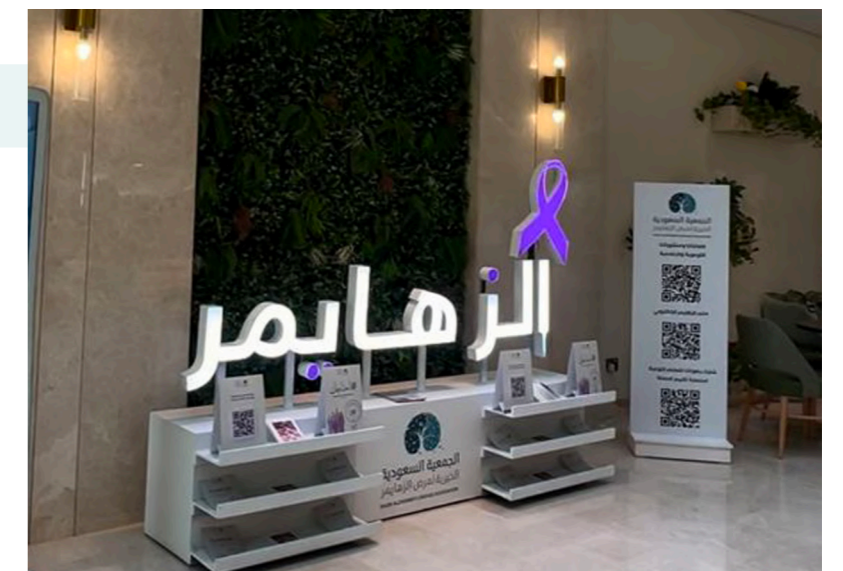
Breast Cancer Awareness

Because the health of our employees is all that matters, we held an internal breast cancer campaign to spread awareness with the participation of our female employees, further offering some motivating messages for the prevention of breast cancer by early screening and detection. During the month of October 2023G, SASCO held a cultural event for its female employees on the importance of breast cancer early screening and detection entitled "Results Are Good Anyway".



World Alzheimer's Day

SASCO celebrated this day inside the Company by raising awareness of this disease, symptoms and how to deal with, in cooperation with the Saudi Alzheimer Disease Association.



World Diabetes Day

In November 2023G, SASCO organized an event entitled (World Diabetes Day) which aimed at spreading the health awareness among employees and focusing on the importance of continuous and early detection. This event included a number of cultural, awareness and medical advice activities, in addition to offering the seasonal flu vaccination.



Man Day Website Content

Because we care for our employees, we held an internal entertainment event upon the occasion of the “World Man Day”, which included various entertainment games.

Manpower

SASCO implements the best HR practices to achieve objectives of its organization. The HR Department has been continuously seeking to automate all its procedures, in order to measure the proportionally/quantitatively/timely measure the levels of the achievements

and employee services. The HR Department has provided a number of programs for the new employees including the on-site training, training with an expert, recycling, term and electronic training through SASCO Academy platform. At the same time,

a number of entertainment programs have been launched to enhance relations and the social bond among employees in addition to events and ceremonies.

Number of Employes in SASCO Affiliate Departments

Statement	2022G		2023G	
	Saudi Employees	Non-Saudi Employees	Saudi Employees	Non-Saudi Employees
Executive Management	1	0	1	0
Stations and Rest Houses Sector	132	2050	132	2202
Saudi Car Club Sector	9	19	15	20
SASCO Palm	75	355	71	480
Ostool Al Naqil	57	243	56	254
Al Waha Company	5	14	5	14
First Palm	27	113	36	125
Amlak	0	0	0	0
Financial Sector/ SASCO and Zaiti	102	52	115	53
Quality Department	8	3	8	3
HR Department	18	14	21	20
Governance, Risk, and Compliance (GRC) Sector	2	0	2	0
Other Departments/ SASCO	34	40	44	40
Total	470	2903	506	3211



Number of Participants in Training Courses

Enteral Courses

Course Name	Provider	Number
Training on Office 365	Training Section/ HR Department	670
Gas Station Technology Course	Training Section/ HR Department	1371
Inventory Management Course	Training Section/ HR Department	57
Safety Basics in Fire Fighting	Quality and Safety Department	12
Emergency Plan and Evacuation	Quality and Safety Department	20

External Courses

Course Name	Provider	Number
International Financial Reporting Standards (IFRS)	Managerial and Financial Training Center (MFTC)	9
Basics of Safety and Maintenance in Gas Stations	Science Center Upgrading Training (SCUT)	21
SASCO Academy Platform	Scale Up MENA	100

Training Programs, Participants and

	2022G	2023G
Number of Training Programs		7
Total Number of Participants	1568	1600
Training Days	270	250
Hours Spent on Training	3128	4300
Number of Trained Staff	1568	1600

Training Programs by Grades

	Senior Management	Middle Management	Other	Total
Central Province	12	91	649	752
Southern Province	0	5	134	139
Eastern Province	0	14	449	463
Northern Province	1	22	549	572
Western Province	0	7	143	150
Al-Qassim Province	0	10	174	184

Hours of Training that the Company's Employees have undergone during the Year, by Gender, Employee Category and Skills Type

Age Category	Number of Employees			Number of Person-Hours of Training		
	Male	Female	Total	Male	Female	Total
Mandatory	1708	3	1711	4200	9	4209
Non-Mandatory	28	10	38	56	20	76
E-Education	481	30	511	1920	120	2044

Age Category	Number of Employees			Number of Person-Hours of Training		
	Female	Total	Female	Total	Female	Total
Senior Management	11	2	13	44	8	52
Middle Management	108	41	149	432	164	569
Other	2098	0	2098	5681	0	5681

SASCO Exceeds Required Saudization Rates in All Sectors

Saudization Rate and Required Rate in the Kingdom as per Nitaqat Program

Sector	Saudization Rate	Required Rate
Stations and Rest Houses Sector	18.69%	15.33%
Saudi Car Club Sector	42.55%	34.12%
SASCO Palm	22.95%	21.77%
Ostool Al Naqil	22.09%	21.58%
Al Waha Company	44.44%	34.34%
First Palm	27.20%	20.75%

Males and Females Ratio of Total Company's Employees in the Last 5 Years

Year	Males Ratio	Females Ratio
2019G	97.6%	2.4%
2020G	94.5%	5.5%
2021G	96%	4%
2022G	96.2%	3.8%
2023G	96.1%	3.9%

Saudis Ratio of Total Company's Employees in the Last 5 Years

Year	Ratio
2019G	11.2%
2020G	13.37%
2021G	14.7%
2022G	13%
2023G	13.61%

Workforce Analysis

	2022G	2023G
Total Number of Employees	3373	3717
% of Female Employees	3.8%	3.9%
% of Saudi Employees	13%	13.61%
Number of Employees Departed	323	634
Turnover Ratio	10.3	16.7%

High Turnover Ratio Because of Labor Replacement

Employees by Age and Gender

Age Category	Male		Female		Total	
	2022G	2023G	2022G	2023G	2022G	2023G
18-30	1683	2046	45	65	1728	2111
31-40	1034	1028	62	64	1096	1092
41-50	417	396	19	17	436	413
Over 51 Years	109	101	4	0	113	101

Number of Years of Service	Male		Female	
	2022G	2023G	2022G	2023G
0-5 Years	2855	3227	122	138
6-10 Years	241	208	8	8
11- 15 Years	98	88	0	0
15-20 Years	40	36	0	0
Over 20 Years	13	12	0	0

Employees by Grade and Gender

Grade	Male		Female	
	2022G	2023G	2022G	2023G
Senior Management	1	1	0	0
Middle Management	396	460	127	145
Other	2849	3110	1	1

Employees by Category

	2022G	2023G
Category/ Foreign Labor	836	1274
Contract	2537	2439
Tamheer	0	4
Total	3373	3717

Total New Hires by Age Group

Age Group		2022G	2023G
		Male	564
18-30 Years	Female	37	19
	Total	601	1006
	Male	216	548
Over 30 Years	Female	35	14
	Total	251	562

Salaries and Benefits

	2022G	2023G
Salaries Paid	99,201,722	83,292,390.38
Benefits Paid	44,640,775	38,265,822.00
Social Security Contributions	5,737,339	3,904,873.00
Staff Insurance	5,316,528	5,580,180.00
Total Salaries and Benefits Paid	154,896,364	131,043,265.38

05: Financial Performance "Responsible Growth"

About Sales

Summary of Financial Statements

CFO's Message

Financial Performance

Prominent Financial Indicators

Revenue on Sectors Level

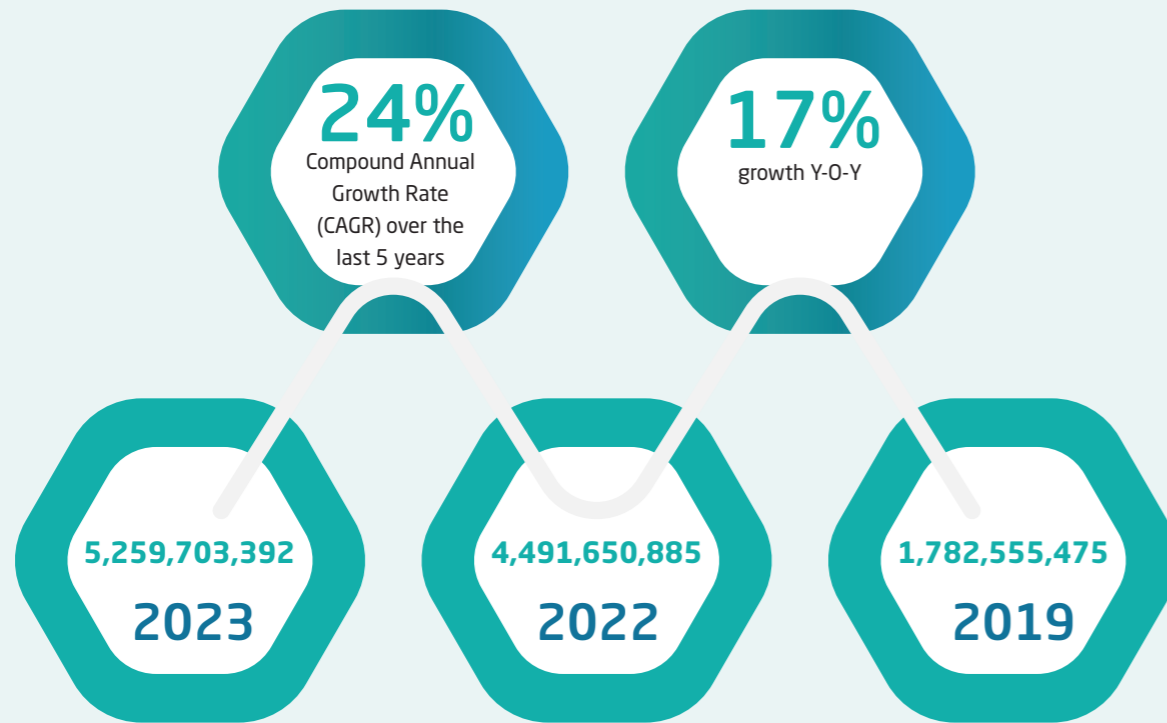
Regulatory Fees Paid

Outlook on Debts Portfolio

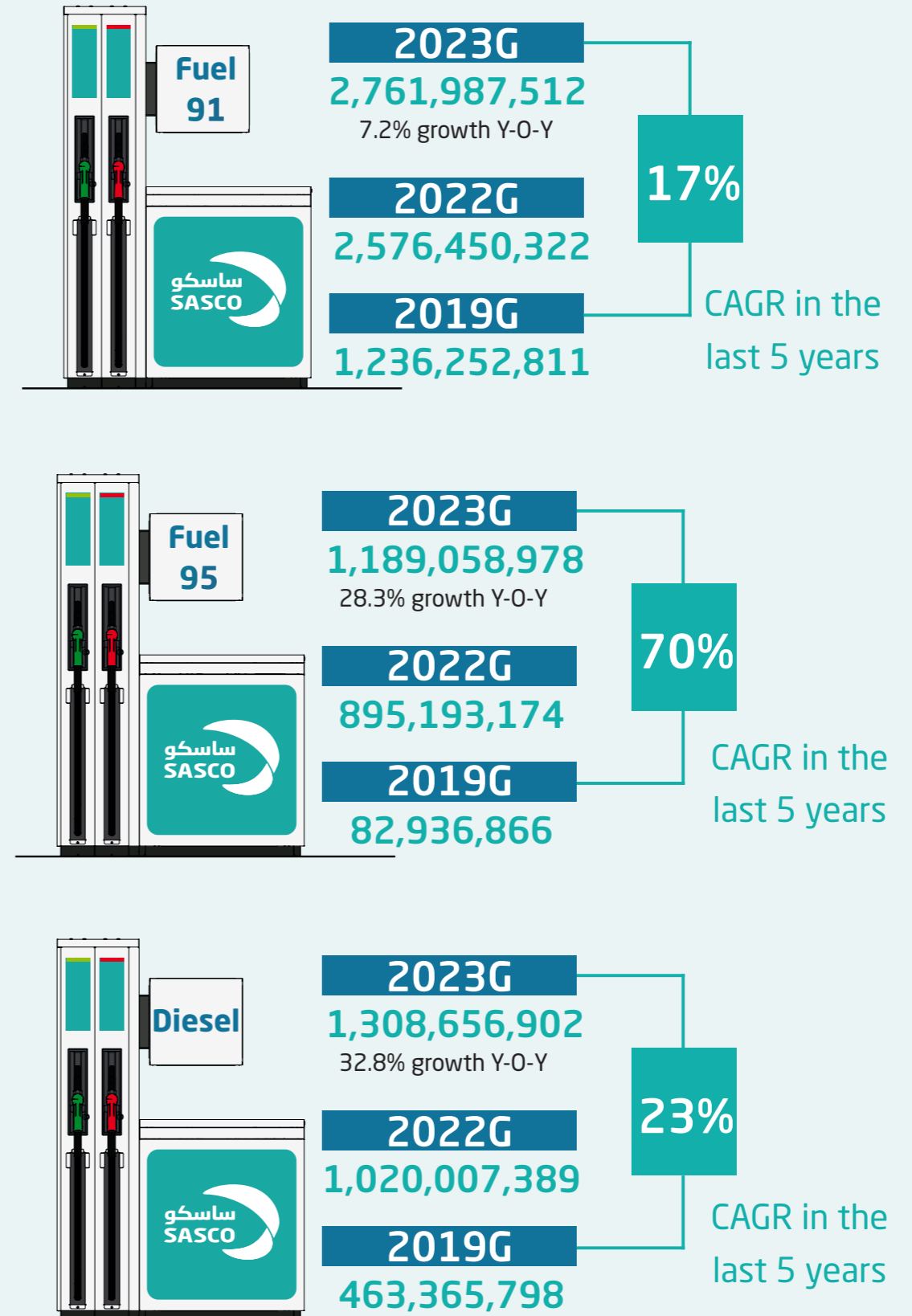


About Sales

Development of (SASCO and Naft) Sales in Liters over the Last Five Years:



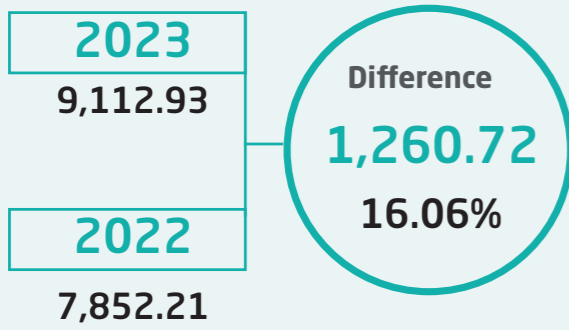
Sales in Liters Divided by Type of Fuel (SASCO and Naft):



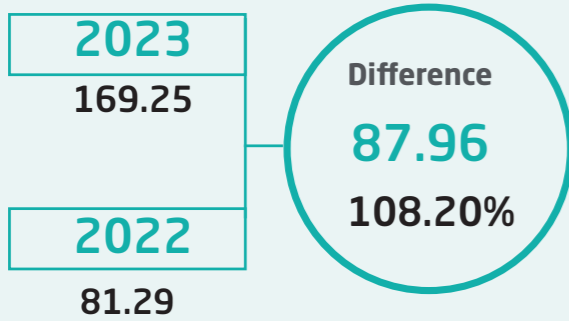
Summary of Financial Statements

The highest in the Company's history

Revenue

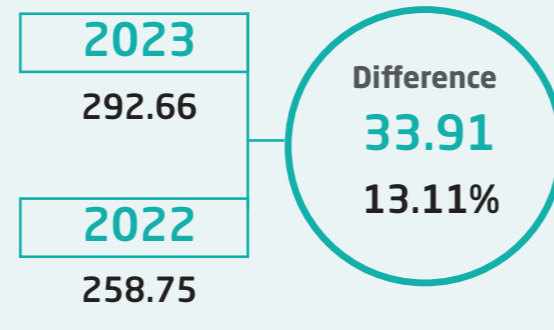


Operating Profit

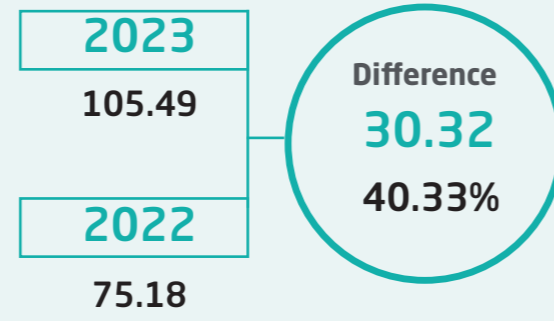


The highest in the Company's history

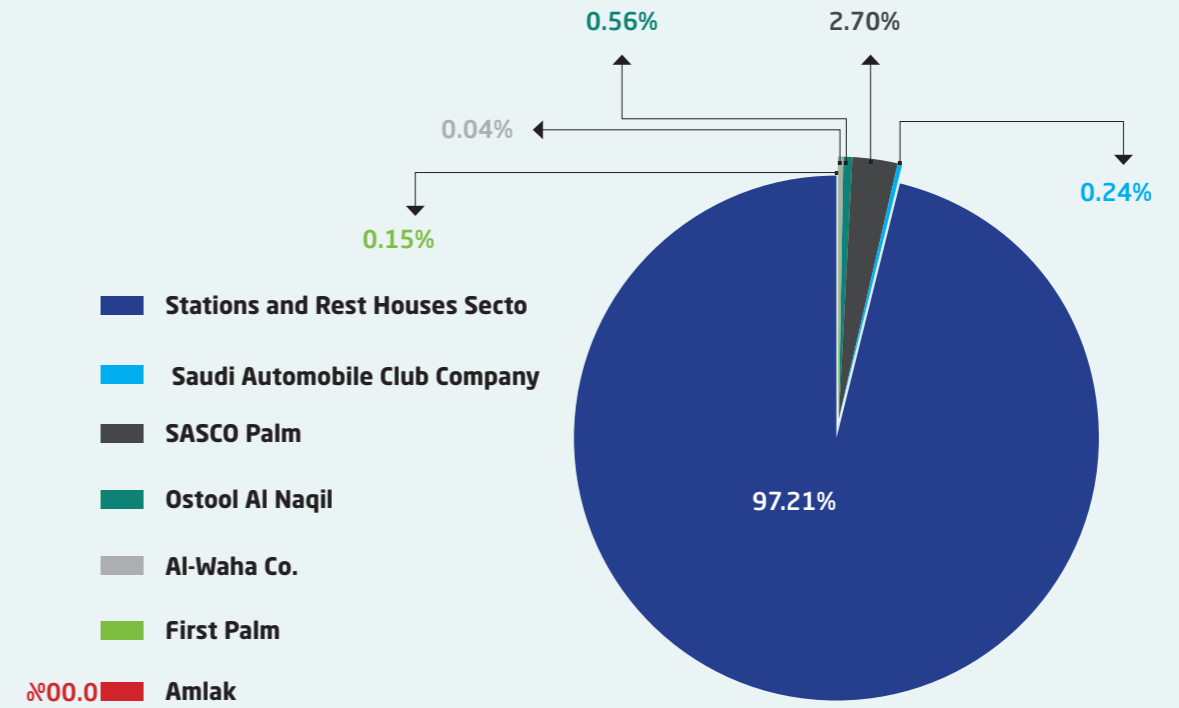
Gross Income



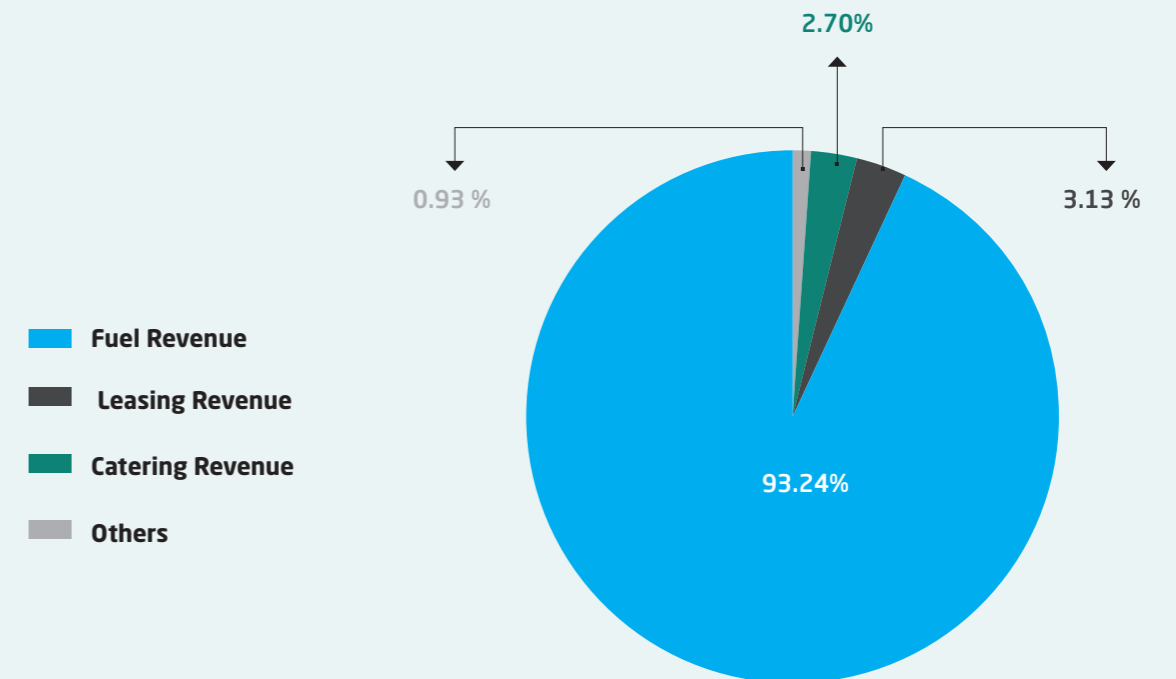
Net Income Attributable to Shareholders



Division of Revenues by Sectors



Division of Revenues by Operating Activities



CFO's Message

In 2023G, SASCO achieved the highest revenues and gross profits in the Company's history, as well as good growth in both operating profits and net profits, which shows that the Company, in the first year of its fifth decade, began to reap the rewards of its efforts over the previous four decades.



ساسكو
SASCO

Dear Esteemed Shareholders,,,

SASCO has demonstrated exceptional financial and operational performance with its annual revenues amounted to SAR 9.11 billion, the highest in history, with a growth rate of 16% Y-O-Y, and a compound annual growth rate (CAGR) of 30% over the past five years. Concurrently, the Company has achieved gross profits of SAR 292.66 million, the Company's highest-ever, with a growth rate of 13.11% Y-O-Y and CAGR of 13% over the past five years. Furthermore, the Company has achieved a growth of three digits Y-O-Y, at 108.20% in the net income from its core activities, and a growth of 40.33% in the profit related to the Parent Company shareholders.

SASCO shall continue to focus on implementing its plans to achieve a sustainable growth. At the same time, the Company is keen to ensure that its business paces up with the hectic changes in the Kingdom, thus benefiting from the qualitative opportunities available for the Company's sectors.

Over the last five years, the Financial Department has worked on a number of files that were already completed, including updating its accounting system, completing the system automation, providing the necessary funds required to expand its business at competitive prices through its strong network of relationships with local banks. Also, the Department has also conducted feasibility studies for the available investment opportunities, most notably Naft Co., and has acquired the company.

Moreover, the Management succeeded in transforming to the digital solutions in payment in the sale of the Company's products, and successfully transformed to the international standards, let alone establishing an e-link with the Zakat, Tax and Customs Authority (ZATCA).

SASCO has further completed the sale and re-release of 9 sites owned by the Company.

At the Financial Department, we usually work on providing the processes and operations sector with regular reports to monitor performance, regularly follow-up and analyze revenues and expenses and create necessary feasibility studies when they are required in order to acquire the right investment opportunities. We keep an open link with the IT Department to update and develop the financial systems, complete the automation of the accounting system, and to establish a link with various payment methods.

In the meantime, the Financial Department periodically evaluates the financing structure of the company in order to find the best rates of turnover and liquidity and to optimize the money through consistent investments.

The increase in the global interest rate was one of the Company's biggest obstacles in 2023G. According to the Company's plans, SASCO has reduced its reliance on bank loans while streamlining costs in order to combat these issues.

At SASCO, we are driven to create value for our shareholders and to advance in line with our strategic plan in order to lower expenses, increase profitability, and improve the financial efficiency of the Company while guaranteeing ongoing business and long-term growth.

Islam Mohammed Khairy Ahmed

Chief Financial Officer

Financial Performance

In light of a dynamic changing business environment, bursting with lots of challenges and opportunities at the same time, SASCO management has constantly worked to achieve the three factors of success based on three main pillars: magnifying the revenue growth, generating new profits and compliance with social and environment responsibility, by applying the best corporate governance practices.

This strategy has turned out to be a success, having

established the status of SASCO, enhanced its market share and supported its task with regards to pacing up growth and generating value on the long term.

In 2023G, SASCO managed to raise its revenues to an unprecedented level in the Company's history, and achieved a record high levels in terms of its gross profits, while maintaining good growth rates in both the operating profits and net profits.

Development of the Company's Income Statement over Five Years

Description	2019G	2020G	2021G	2022G Amended	2023G
Sales	2,482,842,898	2,136,241,724	4,061,642,625	7,852,211,128	9,112,927,440
Cost of Sales	(2,324,247,169)	(1,985,986,469)	(3,902,344,305)	(7,593,463,600)	(8,820,270,678)
Total Income	158,595,729	150,255,255	159,298,320	258,747,528	292,656,762
General & Administrative Expenses	(50,803,569)	(43,591,615)	(50,628,176)	(177,167,753)	(109,659,760)
Marketing Expenses	(3,806,855)	(2,328,178)	(2,642,077)	(4,431,958)	(4,637,218)
Allowance for Doubtful Debts		(20,947,427)	(1,725,000)	4,147,766	(9,106,342)
Net Income (loss) from Core Activities	103,985,305	83,388,035	104,303,067	81,295,583	169,253,442
Revenue (Loss) of Investment	22,070,826	4,123,932	7,003,272	4,345,487	6,202,549
Other Revenue (Expenses)	(2,161,336)	(41,686,780)	(56,850,027)	7,214,181	(39,047,593)
Net Income (Loss) before Zakat	123,894,795	45,825,187	54,456,312	92,855,251	136,408,398
Zakat	(3,247,206)	(5,696,537)	(3,613,333)	(8,509,744)	(6,303,847)
Net Income	120,647,589	40,128,650	50,842,979	84,345,507	130,104,551
Income Attributable to the Shareholders of the Parent Company	120,647,589	40,128,650	50,842,979	75,177,274	105,493,896

Comparison between Assets and Liabilities (SAR)

Description	2019G	2020G	2021G	2022G Amended	2023G
Current Assets	394,337,036	348,374,311	424,159,409	950,128,887	521,831,360
Non-Current Assets	2,132,715,420	2,638,239,910	2,833,299,061	5,142,328,401	5,442,378,595
Total Assets	2,527,052,456	2,986,614,221	3,257,458,470	6,092,457,288	5,964,209,955
Current Liabilities	516,248,916	525,836,895	712,724,557	1,398,756,116	1,426,268,161
Non-Current Liabilities	1,161,314,278	1,656,027,596	1,732,797,363	3,716,453,123	3,536,515,324
Total Liabilities	1,677,563,194	2,181,864,491	2,445,521,920	5,115,209,239	4,962,783,485

The Group's assets are located in the Kingdom, where the Group carries out all its activities and thus represents the Group's only geographical sector.

Data of the Financial Position Statement

Description	2019G	2020G	2021G	2022G Amended	2023G
Cash and Cash Equivalent (CCE)	65,018,456	104,284,916	154,748,750	636,973,481	183,153,957
Trade Receivables	104,301,004	113,465,298	140,459,019	133,038,185	126,900,662
Commodity Inventory	57,458,392	42,171,818	51,580,925	82,574,432	108,784,960
Total Assets	2,527,052,456	2,986,614,221	3,257,458,470	6,092,457,288	5,964,209,955
Total Liabilities	1,677,563,194	2,181,864,491	2,445,521,920	5,115,209,239	4,962,783,485
Capital	600,000,000	600,000,000	600,000,000	600,000,000	600,000,000
Total Equity Attributable to the Shareholders of the Parent Company	849,489,262	804,749,730	811,936,550	815,839,619	875,005,626
Long Term Assets	2,132,715,420	2,638,239,910	2,833,299,061	5,142,328,401	5,442,378,595

Key Development of Change Rate in Prominent Items in the Company's Financial Statements over Five Years:

Description	2019G	2020G	2021G	2022G	2023G
Sales Growth	20.76%	-13.96%	90.13%	93.33%	16.06%
Net Income Growth	240.32%	-66.74%	26.70%	47.86%	40.33%
Asset Growth	57.87%	18.19%	9.07%	87.03%	-2.11%
Equity Growth	12.98%	-5.27%	0.89%	0.48%	7.25%

Prominent Financial Indicators

Profitability Indicators:

Description	2019G	2020G	2021G	2022G	2023G
Return on Sales	4.86%	1.88%	1.25%	0.96%	1.16%
Return on Capital	20.11%	6.69%	8.47%	12.53%	17.58%
Return on Investment	5.66%	1.52%	1.79%	1.46%	1.94%
Return on Total Assets	4.77%	1.34%	1.56%	1.23%	1.77%
Return on Equity	14.20%	4.99%	6.26%	9.21%	12.06%

Efficiency Indicators

Description	2019G	2020G	2021G	2022G	2023G
Inventory Turnover Ratio	40.45	47.09	75.65	91.96	81.08
Assets Turnover Ratio	0.98	0.72	1.25	1.29	1.53

Income Statement as a Percentage of Revenue

Description	2019G	2020G	2021G	2022G	2023G
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Direct Costs	93.61%	92.97%	96.08%	96.70%	96.79%
Total Income	6.39%	7.03%	3.92%	3.30%	3.21%
General & Administrative Expenses	2.20%	3.13%	1.35%	2.26%	1.35%
Other Revenues	0.80%	-1.76%	-1.23%	0.15%	-0.36%
Zakat	0.13%	0.27%	0.09%	0.11%	0.07%
Net Income	4.86%	1.88%	1.25%	0.96%	1.16%

Geographical Distribution of Revenue

The geographical distribution of SASCO revenues "Fuel"

Description	2022	Ratio%	2023	Ratio%
Central Region	1,560,165,192	30.27%	1,670,375,249	30.23%
Northern Region	488,114,918	9.47%	560,766,818	10.15%
Eastern Region	800,628,301	15.53%	767,910,458	13.90%
Western Region	1,452,977,297	28.19%	1,460,059,736	26.43%
Southern Region	543,570,721	10.55%	676,675,593	12.25%
Al-Qassim region	308,984,276	5.99%	388,987,392	7.04%
Total	5,154,440,705	100.00%	5,524,775,245	100.00%

The geographical distribution of Naft revenues

Description	2022	Ratio%	2023	Ratio%
Central Region	456,693,869	18.47%	640,766,917	19.22%
Northern Region	638,775,257	25.83%	844,582,954	25.34%
Eastern Region	279,684,742	11.31%	368,001,802	11.04%
Western Region	935,241,939	37.81%	1,236,522,777	37.09%
Southern Region	162,821,367	6.58%	243,559,220	7.31%
Total	2,473,217,175	100.00%	3,333,433,670	100.00%

The geographical distribution of SASCO Palm revenues

Description	2022	Ratio%	2023	Ratio%
Central Region	137,799,762	61.28%	146,185,716	59.31%
Northern Region	16,270,159	7.24%	23,597,843	9.57%
Eastern Region	27,157,890	12.08%	21,852,342	8.87%
Western Region	37,719,717	16.77%	46,884,962	19.02%
Southern Region	5,920,253	2.63%	7,970,254	3.23%
Total	224,867,780	100.00%	246,491,117	100.00%

Revenue on Sectors Level

Description	Direct Revenue		Direct Costs			Total Income		Contribution Ratio (Income Margin)		Contribution Ratio to Revenue	
	2022G	2023G	2022G	2023G		2022G	2023G	2022G	2023G	2022G	2023G
Stations and Rest Houses	7,628,231,656	8,858,505,784	(7,398,939,954)	(8,607,435,334)		229,291,702	251,070,450	88.62%	85.79%	97.15%	97.21%
Saudi Automobile Club	11,097,142	21,598,094	(6,911,982)	(11,335,260)		4,185,160	10,262,834	1.62%	3.51%	0.14%	0.24%
SASCO Palm	224,867,780	246,491,117	(217,740,631)	(234,322,444)		7,127,150	12,168,673	2.75%	4.16%	2.86%	2.70%
Ostool Al Naqil	45,227,352	51,380,169	(34,681,753)	(41,950,010)		10,545,599	9,430,159	4.08%	3.22%	0.58%	0.56%
Al-Waha	2,502,621	3,343,465	(3,050,972)	(2,907,327)		(548,351)	436,138	-0.20%	0.15%	0.03%	0.04%
First Palm	11,663,000	13,908,714	(3,763,696)	(4,910,980)		7,899,303	8,997,734	3.05%	3.07%	0.15%	0.15%
Amlak	246,965	290,774	0	0		246,965	290,774	0.10%	0.10%	0.00%	0.00%
Settlements	(71,625,389)	(82,590,678)	71,625,389	82,590,678		0	(0)	0.00%	0.00%	-0.91%	-0.91%
Total	7,852,211,128	9,112,927,440	-7,593,463,600	-8,820,270,678		258,747,528	292,656,762	100%	100%	100%	100%

Most Substantial Differences between Declared Results and Last Year's Results (SAR)

Description	2022 (Amended)	2023G	Change (-)+	% of Change
Revenue	7,852,211,128	9,112,927,440	1,260,716,312	16.06%
Direct Costs	(7,593,463,600)	(8,820,270,678)	(1,226,807,078)	16.16%
Income Margin	258,747,528	292,656,762	33,909,234	13.11%
Sales and Marketing Expenses	(4,431,958)	(4,637,218)	(205,260)	4.63%
General & Administrative Expenses	(177,167,753)	(109,659,760)	67,507,993	-38.10%
Allocation for Credit Losses	4,147,766	(9,106,342)	(13,254,108)	-319.55%
Net Operating Income	81,295,583	169,253,442	87,957,859	108.20%
Profits (Loss) from Investments	4,345,487	6,202,549	1,857,062	42.74%
Financial Burdens	(114,968,010)	(158,927,921)	(43,959,911)	38%
Income - Diversified Expenses	122,182,191	119,880,328	(2,301,863)	-1.88%
Net Income before Zakat	92,855,251	136,408,398	43,553,147	46.90%
Zakat	(8,509,744)	(6,303,847)	2,205,897	-25.92%
Net Income after Zakat	84,345,507	130,104,551	45,759,044	54.25%
Profit Attributable to the Shareholders of the Parent Company	75,177,274	105,493,896	30,316,622	40.33%
Non-Controlling Equity	9,168,233	24,610,655	15,442,422	

Revenue

In 2023G, SASCO has made revenue of SAR 9,112.93 million, the largest in the Company's history, compared to SAR 7,852.21 million in 2022G with an increase of 16.06% Y-O-Y.

It would be of worth here to mention that the diversity of the revenue and sales as a result of the diversity of the Company business limits the risks of the one business activity and provides the necessary liquidity for the management of various activities. For SASCO, this means that SASCO shall have revenue from fuel sales, properties, SASCO Palm finances, fuel transport by its fleet, Carnets de Passage or CPD (Trip Ticket), international driving permits (IDP), and TIR Carnets, in addition to the return from its various investments in sister companies.

In 2023G, SASCO has completed a number of various projects, most importantly the activation of SASCO application, especially that the number of application customers is expected to increase which shall lead to an increase in sales.

Operating Profit

In 2023G, SASCO has made operating profit of SAR 169.25 million, compared to SAR 81.29 million in 2022G with an increase of 108.20% Y-O-Y.

The Company's operational activities have a promising future. In light of the new regulation recently issued on fuel stations and service centers, the Company has a great opportunity to expand its stations. Accordingly, Ostool Al Naqil Company shall increase its activities in the transport of fuel and shall purchase a new fleet of trucks and trailers. Furthermore, SASCO Palm is expanding its sites inside the Company's stations, specially following the operation of the airport hotel (2) which is optimally situated on King Salman Road.

Moreover, the international events to be held in the Kingdom will definitely have a positive impact on the Company's sales and revenues which shall lead to the increase of its financial solvency.

Net Profit

In 2023G, SASCO has made net profits for its shareholders of SAR 105.49 million, compared to SAR 75.18 million in 2022G with an increase of 40.33% Y-O-Y.

The rise in the net profits during this year compared to the previous year is mainly due to the growth of sales, which led to the growth of the total profits, and the decrease of general and administrative expenses, which positively affected the income from the main processes and operations. Additionally, the investments revenue rose and this year included the profits resulting from the difference of in the investment properties assessment and the decrease of Zakat expenses. This came in spite of the increase in the sales and marketing expenses and the allowance of credit losses and the financing expenses, in addition to the fact that the previous year included the profits resulting from the sale and re-lease operations.

In light of the above issues that are expected to positively affect the revenues and the operating profits, the management shall work hard to ensure that this shall positively affect the profits in the future.

The following is a statement showing the regulatory fees paid and those due till the end of FY 2023G:

Description	2023G		Brief Description	Causes
	Paid	Due and Unpaid to the End of Financial Term		
Zakat	3,972,248	5,458,495	Zakat Paid During the Year	Due for 2023G
Withhold Tax	409,541	64,633	Withhold Tax Paid	Due for December and paid in January 2024G
Value Added Tax	47,989,568	3,889,356	VAT Paid During the Year	Due for December and paid in January 2024G
General Organization for Social Insurance (GOSI)	13,071,509	1,235,741	Year Dues	Due for December and paid in January 2024G
Costs of Visas, Passports and Labor Office	36,843,061	2,456,958	Visas and Residency Renewal Fees	Due for December and paid in January 2024G
Custom Fees	734,148	-	Custom Fees Paid During the Year	
Total	103,020,075	13,105,183		

Punishment / Penalty / Precautionary Measure/ Precautionary Restriction	Reasons for the Violation	The Party that Imposed the Violation	Resolutions to Avoid Further Occurrences
Financial Penalty	Violations of the weights and dimensions of trucks	Ministry of Transport	Ministry of Transport Requirements Completed
Financial Penalty	Lack or non-renewal of civil defense license	Civil Defense	Civil Defense Requirements Completed
Financial Penalty	Safety methods broken down	Civil Defense	Civil Defense Requirements Completed
Financial Penalty	Lack of TripTik	Transport General Authority	Authority Requirements Completed
Financial Penalty	Failure to install the front, rear or side barriers for trucks	Transport General Authority	Ministry of Transport Requirements Completed
Financial Penalty	Employing drivers without professional driver card / or hazardous material driver card	Transport General Authority	Ministry of Transport Requirements Completed
Financial Penalty	Practicing business without environmental permit	National Center for Environmental Compliance	Requirements for Obtaining License Completed
Financial Penalty	Non-availability of Mada Network	Ministry of Commerce	Requirements Completed
Financial Penalty	Non-conformity with some Requirements of the Ministry of Municipal and Rural Affairs	Ministry of Municipal and Rural Affairs	Ministry Requirements Completed

Outlook on the Development of Debts Portfolio during the Last 5 Years (SAR):

Description/Year	2019G	2020G	2021G	2022G	2023G
Non-Current Part of Long Term Loans	387,901,634	532,475,838	537,429,979	1,561,140,565	1,330,262,680
Short Term Loans and Current Part of Long Term Loans	193,267,285	134,401,943	81,808,250	81,809,756	59,865,545
Total Loans	581,168,919	666,877,781	619,238,229	1,642,950,321	1,390,128,226

Outlook on Details of Debts Portfolio as at December 31, 2023G (SAR):

No.	Name of Lender	Type of Loan	Original Amount	Loan Term	Amounts Paid by the End of 31/12/2023G	Amount Due as of 31/12/2023G
1	Al Rajhi Bank	Long Term Loan	135,600,000	5 years	40,680,000	94,920,000
2	Al Rajhi Bank	Long Term Loan	57,346,231	5 years	5,734,623	51,611,608
3	Al Rajhi Bank	Long Term Loan	240,000,000	7 years	-	240,000,000
4	Saudi Awwal Bank	Long Term Loan	150,000,000	7 years	-	150,000,000
5	Bank Albilad	Long Term Loan	299,973,111	5 years	-	299,973,111
6	Riyad Bank	Long Term Loan	106,381,498	5 years	58,509,824	47,871,674
7	Riyad Bank	Long Term Loan	370,000,000	7 years	-	370,000,000
8	Riyad Bank	Long Term Loan	17,796,560	5 years	-	17,796,560
9	Riyad Bank	Long Term Loan	37,955,316	5 years	-	37,955,316
10	Riyad Bank	Long Term Loan	50,000,000	7 years	-	50,000,000
11	Riyad Bank	Long Term Loan	30,000,000	7 years	-	30,000,000

The Company has a plan to limit loans but not on a final way by depending on the Company resources and raising financial solvency.



06: Financial Statements "Historical Revenues"

Independent Auditor's Report

Statement of Financial Position

Statement of Profits/Losses and Comprehensive Income

Statement of Changes in Equity

Statement of Cashflows

Notes on Financial Statements



**SAUDI AUTOMOTIVE SERVICES COMPANY
(SASCO)
(A SAUDI JOINT STOCK COMPANY)**

**THE CONSOLIDATED FINANCIAL STATEMENTS &
INDEPENDENT AUDITOR'S REPORT**

31 December 2023

**SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY)**

THE CONSOLIDATED FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
31 December 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO) (A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Saudi Automotive Services Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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 the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. 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 auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO) (A SAUDI JOINT STOCK COMPANY) (Continued)

Key audit matters

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue Recognition</i></p> <p>The Group recognized revenue primarily from sales of fuel, sales of goods and rental income totaling SR 9,11 billion during the year ended 31 December 2023. The revenue from sales of fuel and sales of goods is recognized at a point in time when control of the goods is transferred to the customer, and revenue from rents is recognized over a period of time of the rent period.</p> <p>Revenue recognition is considered a key audit matter as it's considered by the Group management as one of the most key performance indicators. Furthermore, since majority of the Group's revenue is directly generated from cash sales, there is an increasing inherent risk of potential fraud in case of improper revenue recognition. In addition to the materiality of the amounts involved.</p> <p>Refer to note (4) to the consolidated financial statements for the accounting policy of revenue recognition and note (29) for revenue disclosure.</p>	<p>Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls. • Assessed the revenue recognition policy applied by the Group for compliance with IFRS 15 requirements "Revenue from contracts with customers". • Tested, on a sample basis, transactions taking place before and after the date of the statement of financial position to evaluate whether revenue was recognized in the correct period. • Tested on sample basis, journal entries posted to the revenue accounts to identify unusual or irregular postings. • Tested, on a sample basis, daily cash deposits back to the daily sales report. • We used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria. For our selected sample we gained an understanding of the business rationale, corroborated the nature and amount of each posting made to source documentation and ensured each journal was appropriately authorized. • Assessed the adequacy of the relevant disclosures in the Group's consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY) (Continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability assessment of goodwill.</p> <p>IAS 36 "Impairment of Assets" that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and indefinite useful life of intangible assets to be tested at least annually for impairment, irrespective of whether there is any indication of impairment. Therefore, management has performed an assessment of the recoverability of the goodwill resulting from Naft acquisition.</p> <p>Goodwill has been allocated to its related cash-generating units, being the acquired fuel stations of Naft, based on specific criteria used by management at acquisition. Therefore, the recoverability assessment of goodwill was performed at the level of each fuel station where goodwill has been allocated.</p> <p>The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models are based on the most recent financial plans which covered 5-year projection periods with terminal values assumed thereafter.</p> <p>We considered this to be a key audit matter given the judgement involved in identifying the cash generating units and the significant estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the:</p> <ul style="list-style-type: none"> - Cash flows during the 5-year periods including the underlying assumptions. - Terminal values. - Discount rates. <p>Refer to note (3) to the consolidated financial statements for the accounting policy of impairment of non-financial assets and note (10) for the disclosure of goodwill.</p>	<p>Audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of management's allocation of goodwill to each fuel station of the relevant cash-generating units, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. • Tested the completeness of the carrying values of the assets and liabilities, being considered as part of the impairment tests for the goodwill. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate: <ol style="list-style-type: none"> 1- Considered the consistency of certain unobservable inputs underlying the 5-year cash flows such as expected fuel volumes and future costs. 2- Compared a sample of forecast fuel prices and margins underlying the 5-year cash flows to market data. 3- Assessed the reasonableness of the approach and inputs used to determine the terminal values; 4- Tested the mathematical accuracy and logical integrity of the models; • Assessed the adequacy of the relevant disclosures in the Group's consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY) (Continued)

Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2023 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 Group's 2023 annual report, 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law 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 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 KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY) (Continued)

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

As part of an audit in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's 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.



INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES COMPANY (SASCO)
(A SAUDI JOINT STOCK COMPANY) (Continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditors' 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.

for Ernst & Young Professional Services

Fahad M. Al-Toaimi
Certified Public accountant
License No. (354)



Riyadh: 18 Ramadan 1445H
(28 March 2024)

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated – Note 39) SR	1 January 2022 (Restated – Note 39) SR
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	2,008,945,385	1,741,039,332	1,296,793,466
Projects in progress	7	90,688,224	184,126,421	82,857,745
Investment properties	8	159,787,500	89,481,000	-
Right of use assets	9	2,283,496,732	2,220,556,646	1,253,692,217
Intangible assets - goodwill	10	492,197,649	495,348,204	4,308,993
Other intangible assets	11	7,073,002	3,563,911	2,233,990
Investments at fair value through other comprehensive income (FVTOCI)	12	150,190,103	158,212,887	187,448,198
Investments in debt instruments	13	250,000,000	250,000,000	-
TOTAL NON-CURRENT ASSETS		5,442,378,595	5,142,328,401	2,827,334,609
CURRENT ASSETS				
Inventories	14	108,784,960	82,574,432	51,580,925
Trade receivables	15	126,900,662	133,038,185	140,459,019
Prepayments and other current assets	16	100,503,313	97,542,789	77,245,270
Financial derivatives	17	2,488,468	-	-
Investments at fair value through profit or loss (FVTPL)		-	-	125,445
Bank balances and cash on hands	18	183,153,957	636,973,481	154,748,750
TOTAL CURRENT ASSETS		521,831,360	950,128,887	424,159,409
TOTAL ASSETS		5,964,209,955	6,092,457,288	3,251,494,018
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	600,000,000	600,000,000	600,000,000
Statutory reserve	20	83,139,272	72,589,882	64,962,844
Retained earnings		79,617,175	13,370,034	12,154,629
Fair value reserve of financial assets through other comprehensive income (FVOCI)		112,249,179	129,879,703	128,854,625
Total equity attributable to shareholders of the Parent Company		875,005,626	815,839,619	805,972,098
Non-controlling interests		126,420,844	161,408,430	-
TOTAL EQUITY		1,001,426,470	977,248,049	805,972,098
LIABILITIES				
NON-CURRENT LIABILITIES				
Lease liabilities	21	2,161,443,296	2,113,667,861	1,174,429,630
Long-term loans	22	1,330,262,680	1,561,140,565	537,429,979
Employees' defined benefit liabilities	23	44,809,348	41,644,697	20,937,754
TOTAL NON-CURRENT LIABILITIES		3,536,515,324	3,716,453,123	1,732,797,363
CURRENT LIABILITIES				
Murabaha financing & short-term loans	22	-	30,000,000	5,000,000
Current portion of long-term loans	22	59,865,545	51,809,756	76,808,250
Trade payables	24	802,084,425	777,655,481	350,084,044
Accrued expenses and other current liabilities	25	230,946,355	194,685,427	112,629,694
Current portion of lease liabilities	21	280,031,377	253,649,968	103,653,960
Dividends payable to shareholders	26	49,704,917	77,264,901	58,244,837
Zakat payable	27	3,635,542	13,690,583	6,303,772
TOTAL CURRENT LIABILITIES		1,426,268,161	1,398,756,116	712,724,557
TOTAL LIABILITIES		4,962,783,485	5,115,209,239	2,445,521,920
TOTAL EQUITY AND LIABILITIES		5,964,209,955	6,092,457,288	3,251,494,018

Islam Mohammed Khairi Ahmed
Chief Financial Officer

Riyadh Bin Saleh Al Malik
Chief Executive Officer

Sultan Bin Mohammad Al-Hudaithi
Vice Chairman and Managing Director

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated- Note 39) SR
Revenue	29	9,112,927,440	7,852,211,128
Cost of revenue	30	(8,820,270,678)	(7,593,463,600)
GROSS PROFIT		292,656,762	258,747,528
General and administrative expenses	31	(109,659,760)	(177,167,753)
Selling and marketing expenses		(4,637,218)	(4,431,958)
(provision), reversal for expected credit losses, net	15	(9,106,342)	4,147,766
INCOME FROM MAIN OPERATIONS		169,253,442	81,295,583
Finance costs	32	(158,927,921)	(114,968,010)
Dividends from investments at fair value through other comprehensive income (FVOCI)		6,202,549	2,373,600
Net profit from investments at fair value through profit or loss (FVTPL)		-	1,971,887
Other income, net	33	119,880,328	122,182,191
Income before Zakat		136,408,398	92,855,251
Zakat	27	(6,303,847)	(8,509,744)
INCOME FOR THE YEAR		130,104,551	84,345,507
Attributable to:			
Shareholders of the Parent Company	34	105,493,896	75,177,274
Non-controlling interests		24,610,655	9,168,233
		130,104,551	84,345,507
Earnings per share			
Basic and diluted earnings per share for the year attributable to shareholders of the Parent Company	34	1.76	1.25

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Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated – Note 39) SR
INCOME FOR THE YEAR		130,104,551	84,345,507
Other Comprehensive Income:			
Items that will not be reclassified subsequently to the consolidated statement of income:			
Net change in fair value of investments at fair value through other comprehensive income	12-a	(17,630,524)	9,095,869
Actuarial gains (losses) on remeasurement of employees' defined benefit liabilities	23	1,704,394	594,378
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		114,178,421	94,035,754
ATTRIBUTABLE TO			
Shareholders of the Parent Company		89,166,007	84,867,521
Non-controlling interests		25,012,414	9,168,233
		114,178,421	94,035,754

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Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASHFLOWS
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated- Note 39) SR
OPERATING ACTIVITIES			
Income before Zakat		136,408,398	92,855,251
Adjustments for:			
Depreciation of right of use assets	9	233,512,822	191,265,689
Depreciation of property, plant and equipment	6	108,629,149	92,271,245
Provision of employees' defined benefit liabilities	23	8,848,301	6,993,560
Provision of slow-moving inventories	14	-	831,341
(Reversal) provision for expected credit losses, net	15	9,106,342	(4,147,766)
Non-cash profits from revaluation of investment assets	8	(70,306,500)	-
Accrued interest on lease liabilities	32	89,729,650	73,206,587
Finance costs	32	69,198,271	41,761,423
Non-cash profits from financial derivatives	17	(2,488,468)	-
Net gain from investments at fair value through profit or loss (FVTPL)	12-b	-	(1,971,887)
Gains from sale and leaseback of property, plant and equipment	33	-	(95,058,304)
Gains from sale of property, plant and equipment	33	(217,983)	(6,643,413)
Gains from disposal of leases		(5,549,834)	(4,841,119)
Impairment of projects in progress	7	2,264,254	105,641
Impairment in Goodwill	10	3,150,555	-
Amortisation of other intangible assets	11	1,153,236	1,003,116
		583,438,193	387,631,364
Working capital adjustments:			
Trade receivables	15	(2,968,819)	66,628,434
Prepayments and other current assets	16	(2,960,524)	11,512,405
Retentions by banks for dividend distribution payable to shareholders	26	27,559,984	(19,020,064)
Inventories	14	(26,210,528)	(5,601,374)
Trade payables	24	24,428,944	219,769,455
Accrued expenses and other current liabilities		34,838,182	(29,389,669)
Cash from operations		638,125,432	631,530,551
Zakat paid	27	(16,358,888)	(5,105,566)
Employees' defined benefits liabilities paid	23	(3,979,256)	(7,008,949)
Net cash from operating activities		617,787,288	619,416,036
INVESTING ACTIVITIES			
Acquisition of a subsidiary, net of cash acquired		-	(854,723,130)
Purchase of investments at fair value through profit or loss (FVTPL)	12-b	-	(1,712,699,999)
Proceeds from sale of investments at fair value through profit or loss (FVTPL)	12-b	-	1,715,429,188
Purchase of investments in debt instruments	13	-	(250,000,000)
Purchase of investments at fair value through other comprehensive income (FVOCI)	12-a	(10,000,000)	(317,676)
Proceeds from dividends of investments at fair value through profit or loss (FVTPL)		6,187,356	2,373,600
Proceeds from sale of investments at fair value through other comprehensive income (FVTOCI)		392,260	39,127,136
Purchase of property, plant and equipment	6	(86,362,933)	(66,627,910)
Additions to projects in progress	7	(209,509,268)	(118,001,293)
Proceeds from sale of property, plant and equipment		6,450,265	13,181,255
Additions to other intangible assets	11	(383,667)	(2,333,038)
Net cash used in investing activities		(293,225,987)	(1,234,591,867)
FINANCE ACTIVITIES			
Proceeds from sale and leaseback of property, plant and equipment	36	-	381,702,607
Dividends paid to the shareholders for prior years		(27,559,984)	(11,711,582)
Dividends paid		(90,000,000)	(45,000,000)
Interest on Murabaha financing and loans paid		(89,164,159)	(31,992,322)
Proceeds from long term loans		145,724,987	1,340,000,000
Payments of long-term loans		(368,547,083)	(341,287,908)
Net change in Murabaha financing and short-term loans		(30,000,000)	25,000,000
Lease liabilities paid	21	(291,274,602)	(238,330,297)
Net cash from (used in) financing activities		(750,820,841)	1,078,380,498
INCREASE IN CASH AND CASH EQUIVALENTS		(426,259,540)	463,204,667
Cash and cash equivalents at beginning of the year	18	559,708,580	96,503,913
CASH AND EQUIVALENTS AT THE END OF THE YEAR	18	133,449,040	559,708,580

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements.

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Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASHFLOWS (Continued)
For the Year ended 31 December 2023

	Notes	31 December 2023 SR	31 December 2022 (Restated – Note 39) SR
Significant non-cash items:			
Transfer from projects in progress to property, plant and equipment	6	296,404,552	33,667,084
Transfer from projects in progress to other intangible assets	11	4,278,660	-
Dividends declared	35	-	30,000,000
Additions to right of use assets due to sale and leaseback of property, plant, and equipment	9	-	94,480,304
Additions to lease liabilities due to sale and leaseback of property, plant, and equipment	21	-	206,392,946
Additions to right of use of assets	9	373,260,565	252,931,117
Additions to lease liabilities	21	373,260,565	252,931,117
Disposal of right of use assets from lease terminations	9	(71,603,203)	(53,976,696)
Disposal of lease liabilities from lease terminations	21	(77,153,037)	(58,817,815)

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Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2023

	Attributable to shareholders of the Parent Company					
	Share capital SR	Statutory reserve SR	Retained Earnings SR	Fair value reserve of financial assets through other comprehensive income SR	Total SR	Total Equity Ownership SR
Balance as at 1 January 2022 – As previously reported	600,000,000	65,559,289	17,522,636	128,854,625	811,936,550	811,936,550
Adjustment on correction of restatement (Note 39)	-	(596,445)	(5,368,007)	-	(5,964,452)	(5,964,452)
As at 1 January 2022 - Restated	600,000,000	64,962,844	12,154,629	128,854,625	805,972,098	805,972,098
Income for the year	-	-	75,177,274	-	75,177,274	84,345,507
Other comprehensive income	-	-	594,378	9,095,869	9,690,247	9,690,247
Total comprehensive income for the year	-	-	75,771,652	9,095,869	84,867,521	94,035,754
Sale of investments at FVOCI	-	-	-	(8,070,791)	-	-
Acquisition of a subsidiary	-	-	8,070,791	-	-	-
Dividends (note 35)	-	-	(75,000,000)	-	(75,000,000)	152,240,197
Transfer to statutory reserve	-	7,627,038	(7,627,038)	-	-	(75,000,000)
Balance as at 31 December 2022- Restated (Note 39)	600,000,000	72,589,882	13,370,034	129,879,703	815,839,619	977,248,049
Income for the year	-	-	105,493,896	-	105,493,896	130,104,551
Other comprehensive income	-	-	1,302,635	(17,630,524)	(16,327,889)	(15,926,130)
Total comprehensive income for the year	-	-	106,796,531	(17,630,524)	89,166,007	114,178,421
Dividends (note 35)	-	-	(30,000,000)	-	(30,000,000)	(90,000,000)
Transfer to statutory reserve	-	10,549,390	(10,549,390)	-	-	-
Balance as at 31 December 2023	600,000,000	83,139,272	79,617,175	112,249,179	875,005,626	1,001,426,470

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Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

1 ACTIVITIES

The Saudi Automotive Services Company (SASCO) (the "Company" or the "Parent Company"), is a Saudi Joint Stock Company incorporated in Riyadh, Kingdom of Saudi Arabia pursuant to Ministerial Resolution No. (563) dated 23 Dhu Al-Hijjah 1402H (corresponding to 12 October 1982), under the Commercial Registration No. 1010054361 dated 28 Rajab 1404H (corresponding to 30 April 1984). The Company's head office is located in Riyadh, King Abdulaziz district, Makkah Al Mukarramah Road (Khurais), P. O Box 12411, Kingdom of Saudi Arabia.

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively with the Company referred to as the "Group"). The main activity of the Group is to provide services to motor vehicles and travelers by establishing central workshops to provide the highest level of maintenance and repair, and establishing a network of motor vehicle service stations, as well as providing rest houses and restaurants, importing and selling foodstuffs, drinks, beverages and raw materials required, importing motor vehicles and spare parts of all kinds for the Group's business and trading in them after obtaining the necessary licenses, carrying out all types of contracting for establishment, management, maintenance and operation of residential and commercial buildings, contracting for maintenance of motor vehicles and equipment for individuals and companies, and participation with bodies or companies that carry out activities similar to the Group's activity or merging with them or establishing subsidiaries owned by the Group or with others.

The following are the details of the subsidiaries included in these consolidated financial statements under the Company's control:

Name of subsidiary	Commercial Registration #	Principle activity	Direct & indirect shareholding (%)	
			31 December 2023	31 December 2022
Fleet Transportation Company	1010283443	Water transportation and distribution, road transportation of goods, transportation of refrigerated and frozen goods, transportation of goods and equipment, transportation of liquids and gases and transportation of cars.	100%	100%
Saudi Automobile Club Company	1010197186	Participation in the local and international clubs for cars and motorcycles, local and international bodies interested in automobile affairs, issuing cars' customs traffic document (TripTiket), international driving licenses, establishing, managing, maintaining and operating motorsports and motorcycle circuits, and holding races and events related to motorsports and motorcycles	100%	100%
Automobile and Equipment Investment Company Limited	1010284946	Establishing workshops for repairing cars and heavy equipment, car service stations and travelers on the main roads between the cities of the Kingdom to provide fuel and oils, maintain cars and heavy equipment, establishing rest houses, motels and restaurants, providing food meals, drinks and beverages, washing and lubricating cars and equipment, importing and selling equipment and tools, and constructing roads and bridges	100%	100%
The First Palm Company	1010356035	General contracting for buildings (construction, repair, demolition, restoration), construction, management and operation, maintenance of residential and commercial buildings and road works.	100%	100%
SASCO Company	1010302217	Catering, retail sale of food and beverages in kiosks and markets, groceries, refrigerated food stores, frozen food stores, distribution centers for food and beverages and dry food stores.	100%	100%
SASCO Company	1010309488	Hotel's hospitality as per the license of the General Authority for Tourism and National Heritage.	100%	100%
Zaiti Petroleum Services Company	1010236767	Retail sale of car and motorcycle fuel (Fuel stations).	100%	100%

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2023

1 ACTIVITIES (CONTINUED)

Name of subsidiary	Commercial Registration #	Principle field of activity	Direct & indirect shareholding (%)	
			31 December 2023	31 December 2022
SASCO Investment franchise Company	1010434138	Providing marketing services on behalf of third parties.	100%	100%
Nakhla Properties Company	1010647886	Management and rental of owned or leased (residential) properties, management and rental of owned or leased (non-residential) properties and management activities of properties against commission.	100%	100%
North Front Real Estate Company	1010671792	Buying, selling and zoning lands and real estate, off-plan sale activities, managing and renting owned and leased (residential) properties, managing and renting owned and leased (non-residential) properties, management activities of properties against commission and real estate registration service.	100%	100%
Naft Services Company Limited ("Naft")	4030060592	Operation of fuel stations and related activities.	80%	80%
Inaya Automatic company for car services.	7009292033	Car Washing and lubrication services	100%	-

(*) During the year ending 31 December 2023, the Company transformed one of its branches into a limited liability company called Inaya Automatic company for car services.

In addition to the above subsidiaries, the accompanying consolidated financial statements include the assets, liabilities, and operating results of the main commercial registration of the Company and all the following sub-commercial registrations:

Branch	Commercial Registration #	Commercial Registration Date	City
Saudi Company for Automotive Services and Equipment SASCO	1010358658	10 Safar 1434H (Corresponding to 10 January 2013)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010671615	16 Rabi Al-Thani 1442H (corresponding to 13 December 2020)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1010681876	26 Jumada Al Ula 1442H (Corresponding to 10 January 2021)	Riyadh
Saudi Company for Automotive Services and Equipment SASCO	1018000425	10 Safar 1434H (Corresponding to 23 December 2012)	Huraymila
Saudi Company for Automotive Services and Equipment SASCO	1128184243	16 Dhu Al-Qida 1441H (corresponding to 1 July 2020)	Onaizah
Saudi Company for Automotive Services and Equipment SASCO	1131306676	16 Dhu Al-Qida 1441H (corresponding to 7 July 2020)	Buraydah
Saudi Company for Automotive Services and Equipment SASCO	2050093628	6 Shawwal 1434H (Corresponding to 13 August 2013)	Dammam
Saudi Company for Automotive Services and Equipment SASCO	3550122825	17 Rajab 1439H (corresponding to 3 April 2018)	Tabuk
Saudi Company for Automotive Services and Equipment SASCO	4030254775	6 Dhu Al-Qida 1434H (Corresponding to 11 September 2013)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4030308874	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4031216803	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Makkah Mukarramah
Saudi Company for Automotive Services and Equipment SASCO	4032229606	29 Dhul Hijjah 1439H (corresponding to 10 September 2018)	Taif
Saudi Company for Automotive Services and Equipment SASCO	4650202976	15 Muharram 1440H (corresponding to 26 Sept 2018)	Al Madinah Al Munawwarah
Saudi Company for Automotive Services and Equipment SASCO	5850121385	7 Safar 1440H (Corresponding to 18 October 2018)	Abha
Saudi Company for Automotive Services and Equipment SASCO	5900126408	26 Jumada Al Ula 1442H (Corresponding to 10 January 2021)	Jazan
Saudi Company for Automotive Services and Equipment SASCO	1010950315	28 Safar 1445H (Corresponding 3 September 2023)	Riyadh

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2023

2 BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (thereafter referred to as IFRS as endorsed in KSA).

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets, such as “investments carried at fair value through profit or loss”, “investments carried at fair value through other comprehensive income”, “Financial derivative assets” and “investment properties” which are measured at fair value. Employee defined benefit liabilities are recognized at the present value of the future liabilities using the projected unit credit method. Also, these consolidated financial statements have been prepared using the accrual basis of accounting and will continue to operate on the going concern basis.

Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SAR”), which is the functional and presentational currency of the Group. These financial statements have been rounded-off to the nearest Saudi Riyal, unless otherwise stated.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies followed in preparing these consolidated financial statements are in line with those followed in the Group’s annual consolidated financial statements for the year ended 31 December 2022, with the exception of the change in the accounting policy related to the measurement of real estate investments from the cost model to the fair value model as set out in the accounting policy for real estate investments below. This change in the accounting policy for real estate investments has not resulted in any adjustment to the comparative periods presented as disclosed in note 8 to these consolidated financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries controlled by the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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 gives the Parent Company the current ability to direct the relevant activities of the investee)
- The Group is exposed, or has rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In general, there is a presumption that a majority of voting rights result 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 period 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 shareholders of the Parent Company and according to the non-controlling interests, even if this resulted in the non-controlling interests having there deficit balance.

When necessary, adjustments are made to the financial statements of a subsidiary to bring their accounting policies into line with the Group’s accounting policies. All assets and liabilities as well as equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full when the financial statements are consolidated.

Saudi Automotive Services Company (SASCO)
(A Saudi Joint Stock Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (continued)

Changes in the controlling interest (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interests.
- Derecognizes the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in the consolidated statement of income
- Reclassifies the Parent Company’s share of components previously recognized in OCI to statement profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to consolidate an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in the consolidated statement of income. This fair value becomes the carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had of the related assets or liabilities directly disposed. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of comprehensive income.

Non-controlling interests represent the interest in subsidiaries that are not owned by the Group. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Bank balances and cash on hands

Cash balances and cash on hands in the consolidated statement of financial position comprise cash at banks and on hands and other high liquidity short-term investments with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Current Versus Non-Current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Bank balances and 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 it is:

- Expected to be settled in the entity’s normal operating cycle.
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Current Versus Non-Current Classification (continued)

Financial instruments

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

Financial assets

The Group's financial assets include trade and other receivables, short-term investments, investments at fair value through other comprehensive income, investments at fair value through profit or loss, investments in debt instruments and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classifies its financial assets under the following categories:

Classification

- Financial assets designated at amortized cost.
- Financial assets designated at fair value through other comprehensive income.
- Financial assets designated at fair value through profit or loss.

Trade receivables issued are initially recognized when they are originated. Trade receivables that do not contain a significant financing component or for which the Group uses the practical expedient are measured at the transaction price determined under IFRS (15). All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument at fair value plus or minus, in the case of financial assets not at fair value through profit or loss, transaction costs.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, an entity may make an irrevocable selection at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company reclassifies financial assets only when its business model for managing those financial assets change.

Initial measurement

Except for trade receivables, at initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

Financial assets at amortized cost

The Company measures financial assets at amortized cost whether the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the Effective Interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of finance income in the consolidated statement of comprehensive income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can classify irrevocably its equity investments as equity instruments designated at FVOCI 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 profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Company 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. The Company has decided, irrevocably, to classify certain investments at fair value through other comprehensive income in this category.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to fully pay it to a third party under a 'pass-through' arrangement and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. For debt instruments measured at FVOCI, impairment gains or losses are recognized in the consolidated statement of profit or loss, consolidated statement of income, and consolidated statement of comprehensive income.

For trade receivables only, the Group recognizes expected credit losses for trade receivables based on the simplified approach under IFRS (9). The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Group has recognized provisions based on historical credit losses, adjusted for specific future factors for debtors and the economic environment.

Evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Expected credit losses are initially measured at the difference between the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due cases, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Group measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Financial Liabilities

The Group's financial liabilities include trade and other payables, term loans, and Murabaha from various financial institutions, contract liabilities and amounts due to related parties which are subsequently measured at amortized cost.

Classification

An entity shall classify all financial liabilities as subsequently measured at amortized cost, except for:

- a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Initial measurement

At initial recognition, an entity shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequent measurement

After initial recognition, all financial liabilities, including the short-term loans, and Murabaha from various financial institutions are measured at amortized cost. In case of long-term interest-bearing loans, EIR method will be applied.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

The derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Inventories

Inventories are measured at lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of inventory includes the purchase price plus all expenses incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. A provision is offset for obsolete, slow moving and damaged inventories when necessary.

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3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment property comprises completed property that is held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer costs, taxes and professional fees for legal services to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment properties are stated at fair value which reflects the prevailing market conditions at the reporting date. Gains or losses resulting from changes in the fair value of real estate investments are included in the profit or loss of the period in which they arise. The fair value is determined based on an annual calendar by an accredited external evaluator applying the recommended valuation method.

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

Investment properties are derecognized either when Investment properties are disposed of or when Investment properties are permanently withdrawn from use and no future economic benefits is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognized in the consolidated statement of income in the period of derecognition.

Leases

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

The Group as a lessee

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

Right of use assets

The Group recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, 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 incurred, 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 shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment Refer to the accounting policies in section (Impairment of non-financial assets).

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made 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 under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to the option purchase the underlying asset.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liabilities (continued)

The Group has classified the cash payments of principal and finance cost components relating to leases as financing activities.

Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value.

Lease payments of short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

The Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits associated with ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included under revenue in profit or loss in the statement of income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Property, plant and equipment

Property, Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing a part of the property, plant and equipment and borrowing costs (if any) for long-term projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their finite useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in statement of income as incurred.

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

<i>Item</i>	<i>Years</i>	<i>Item</i>	<i>Years</i>
Buildings	33 – 50	fixtures and Furniture	10
Equipment and machinery	10	Computers	6
Motor vehicles	5 - 14 with 20% residual value	Electronic devices	10
Communication devices and phones	4	billboards	6
Leasehold improvements	25 years or over lease term, whichever is shorter		

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of any asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Projects in progress

Projects under construction are stated at cost and are not depreciated. Depreciation of projects under construction begins when the assets are ready for their intended use and have been transferred to property, plant and equipment. Murabaha financing expenses and loans used to finance the construction of qualifying assets are capitalized over the period of time required to complete and prepare the asset for its intended use. The interest financing leases related to projects under construction is also capitalized.

During the year, SOCPA in their clarifications published a reply that depreciation on right of use assets (related to Lands) during the period of construction of project in progress has to be expensed and not capitalized. Accordingly, management has reassessed the accounting policy to align with the SOCPA clarification. Previously, the Group had capitalized the depreciation of lands right of use assets during the period of construction of project in progress. Consequently, a retrospective restatement has been done to align with SOCPA clarification, refer to note 39.

Intangible Assets

Intangible assets acquired separately, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are classified to be either finite or infinite. Intangible assets with finite lives are amortized over their estimated useful lives and reviewed for impairment whenever there is an indication of such impairment. The amortization period and the amortization method for the intangible assets with finite lives are reviewed at least once 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 considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expenses of intangible assets with finite lives is recognized in the consolidated statement of income as an expense in consistency with the function of the intangible assets.

Amortization of intangible assets that consist of IT software is calculated on a straight-line basis over the useful life of the asset which is 2-5 years.

Gains or losses arising from derecognizing an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in consolidated statement of income when the asset is derecognized.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets to ensure that there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its present value or its fair value less costs to sell. In assessing the present value, the estimated future cash flows are discounted to their present value using a pre-Zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash flows from continuous use that are largely separate of the cash flows of other assets or groups of assets (cash-generating units). If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of other assets in the unit (group of units) on a pro rata basis.

For non-financial assets, except goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment losses are reversed 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 would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree either at fair value or at the percentage share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives within other financial instruments in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as an equity is not remeasured and subsequent settlement is recognized within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS (9) "Financial Instruments", is measured at fair value with the changes in fair value recognized in the consolidated statement of income in accordance with IFRS (9). All other contingent consideration that is not within the scope of IFRS (9) is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previously owned interests over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, The Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gains are recognized in the consolidated statement of income.

After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each unit or a group of CGUs that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or losses on disposal operation. Goodwill disposed of in this circumstance is measured and where goodwill has been allocated to a CGU and part of the operation within unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or losses on disposal operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Dividends

The Group recognizes obligations to pay cash or non-cash dividends to shareholders when the distribution is approved and is no longer at the discretion of the Group. Final dividends are recognized as liabilities at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors. A corresponding amount is recognized directly in statement of changes in equity.

Zakat

The Company and its subsidiaries are subject to the Zakat regulations issued by Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and are subject to interpretations issued by ZATCA. The management establishes provisions where appropriate on the basis of amounts expected to be paid to ZATCA and periodically evaluates positions taken in the Zakat returns with respect to situations in which applicable Zakat regulations is subject to interpretation. The zakat provision is charged to the consolidated statement of income. Additional zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the period in which the assessments are finalized.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Zakat (continued)

Value-Added Tax ("VAT")

Expenses and assets are recognized after deducting the total value added tax, unless 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; and receivables and payables that are stated with the amount of VAT included. The net amount of value added tax recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the consolidated statement of financial position.

Accruals

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

Provisions, Contingent Assets and Contingent liabilities

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, 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 obligation. When 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 a provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discount is used, the increase in the provision due to the passage of time is recognized as finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

Employees' defined benefits

Short term employees' benefits

Short-term employees' benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plans

Retirement benefit in the form of General Organization of Social Insurance (GOSI) is a defined contribution plan. The Group has no obligations, other than the contributions payable to the GOSI. The Group recognizes contributions payable to the GOSI as an expense when fall due.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension liability recognized in the consolidated statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefit liability at the consolidated statement of financial position date. The defined benefit liability is calculated annually by qualified actuaries using projected credit unit method. Remeasurement amounts, if any, are recognized and reported within other reserves under the consolidated statement of changes in equity with corresponding debit or credit to the consolidated statement of comprehensive income that comprises of actuarial gains and losses on the defined benefits liability.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' defined benefits (continued)

Fair Value Measurement

Fair value is the price that would be received to sell assets or paid to transfer liabilities in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the assets or transfer the liabilities takes place either:

- In the principal market for the assets or liabilities; Or
- In the absence of a principal market, in the most advantageous accessible market for the assets or liabilities.

The principal or the most advantageous market must be accessible by the Group.

The fair value of the assets or a liabilities is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial assets considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted or repriced) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in fair value hierarchy by re-assessing classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

Revenue

The Group recognizes revenues based on a five-step model as set out in IFRS (15):

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price; The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For contracts that have more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenues when (or as) the entity satisfies a performance obligation.

Revenue from fuel sales

Revenues are recognized at a point in time when fuel is sold to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for the fuel. The Group concluded that in general it is the principal in its sale agreements as it usually controls goods before delivery to the customer.

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3 SUMMARY OF MATRERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Sale of goods

Revenue is recognized when control of the goods has transferred to the customer, recovery of consideration is probable, the associated costs and potential return of the goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenues are measured net of returns, trade discounts and volume discounts.

Rendering of the services

The Group is engaged in providing services related to vehicle inspection, transportation and distribution of refined petroleum products, and it recognizes the revenues of these services upon completion of their provision, given that the duration of services is generally short in nature.

Revenue from rental

The Group leases sections of the stations and is recognized as rental income over the lease term.

Other income is recognized when earned.

Costs and expenses

Expenses are recognized when incurred based on the accrual basis of accounting. Expenses are classified as:

- a) Cost of revenue: It includes costs directly related to the sales of goods and rendering of services, i.e. directly related to recognized revenue.
- b) Sales and Marketing: It represents the Company's efforts related to the marketing and sales department.
- c) General and administrative expenses: All other expenses, except direct costs, are classified as general and administrative expenses
- d) Allocations between costs of revenue, selling and distribution and general and administrative expenses, when required, are made on a consistent basis.

Finance revenue and finance costs

Finance revenue includes Interest income which is recognized as it accrues in the consolidated statement of income, using the effective Interest method.

Finance costs consist of financial charges related to Murabaha and term loans which are recognized in the consolidated statement of income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of income using the effective interest method.

Foreign currency

The consolidated financial statements of the Group are presented in SR which is the functional currency of the Group. For each entity, the Group determines the functional currency and the items included in the financial statements of each entity using this functional currency. The Group uses the direct method of consolidation, when selling a foreign currency, gains or losses reclassified to the consolidated statement of income are presented in the amount arising from the use of this method.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the consolidated financial statements date. All differences are recognized in the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses related to transactions with any of the Group's other components. All operating segments' operating results are reviewed by the Group's Chief Operating Decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which separate financial information is available.

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4 ACCOUNTING STANDARDS

NEW STANDARDS ISSUED, AND STANDARDS ISSUED AND EFFECTIVE

Following are the standards and amendments effective on 1 January 2023 or after (unless otherwise stated) and do not have a material impact on the Group's consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts; IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

NEW STANDARDS ISSUED, AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new amended, issued standards and interpretations, which are not effective yet as at 31 December 2023, have not been adopted early by the Group and will be adopted on their effective date as applicable. The adoption of these standards and interpretations is not expected to have any material impact on the Group on the effective date.

Standard, Amendment or Interpretation

- Amendments to IAS (1): Classification of Liabilities as Current or Non-current
- Amendment to IFRS 16: Lease Liability in Sale and Leaseback Transactions
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Lack of exchangeability – Amendments to IAS 21

Effective date

- 1 January 2024
- 1 January 2024
- 1 January 2024
- 1 January 2025

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5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, expenses and accompanying disclosures. Uncertainty about assumptions and estimates may result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Core estimates and assumptions are reviewed on an on-going basis. Adjustments to estimates are recognized prospectively.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of preparing the consolidated financial statements, that have a material impact of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group used its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating units (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs to sell and the present value. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for selling the asset. The present value is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the asset of the CGU being tested for impairment. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Expected Credit Losses (ECLs) of Trade Receivables

The Group has applied the standard's simplified approach of impairment in accordance with IFRS (9) and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Employee' defined benefits liabilities

Employee' defined benefits liabilities are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

Useful lives and residual values of property and equipment

Management reviews the useful lives and residual values of property and equipment annually. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively. During 2023, the residual value has been adjusted for a number of motor vehicles under property, plant, and equipment to become 20% of the residual value. This adjustment was accounted for prospectively.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instrument Changes in assumptions relating to these Judgements could affect the reported fair value of financial instruments.

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5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available (e.g., subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (e.g., credit rating of a subsidiary).

Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Judgments

Determining the lease term of contract with renewal and termination options – The Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several leases that include renewal and termination options. The Group applies judgements in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Property Lease Classification – The Group as a Lessee

The Group has entered into leases for its properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the useful life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property that it retains substantially all the risks and benefits incidental to ownership of these properties and accounts for the contracts as operating leases.

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6 PROPERTY, PLANT AND EQUIPMENT

	Lands* SR	Buildings* SR	Equipment and machinery SR	Motors vehicles SR	Communic ation devices and phones SR	fixtures and Furniture SR	Computers SR	Electronic Devices SR	Billboards SR	Leasehold improvements SR	TOTAL For the year ended 31 December 2022 SR	TOTAL For the year ended 31 December 2023 SR
Cost:												
At the beginning of the year	773,357,222	833,278,822	186,775,223	133,498,386	1,561,163	48,984,671	28,133,680	39,877,005	33,459,389	355,509,289	1,769,958,614	2,434,434,850
Additions from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	25,800,000	1,253,499	6,059,772	28,497,918	-	1,858,298	737,954	1,710,700	2,113,549	18,331,243	921,481,093	86,362,933
Transferred from projects in progress (note 7)	-	66,705,920	23,478,633	2,743,600	-	4,319,144	16,459,086	9,188,041	4,381,137	169,128,990	33,667,084	296,404,551
Disposals	-	(154,989)	(7,954,790)	(7,046,306)	(1,144,299)	(4,155,174)	(3,716,025)	(3,027,474)	(1,999,975)	(5,695,251)	(161,009,584)	(34,894,283)
Disposals from exiting leased stations	-	-	-	-	-	-	-	-	-	(62,495)	(4,377,906)	(62,495)
Disposals of sale and leaseback (Note 36)	-	-	-	-	-	-	-	-	-	-	(191,912,361)	(191,912,361)
At the end of the year	799,157,222	901,083,252	208,358,838	157,693,598	416,864	51,006,939	41,614,695	47,748,272	37,954,100	537,211,776	2,434,434,850	2,782,245,556
Depreciation:												
At the beginning of the year	-	325,616,654	92,389,629	59,947,693	1,275,369	34,101,349	15,525,120	24,751,124	19,917,760	119,870,820	473,165,148	693,395,518
Additions from the acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	29,961,990	18,410,414	9,734,140	59,355	4,543,183	4,131,825	3,363,615	3,592,708	34,831,919	92,271,245	108,629,149
Disposals	-	(140,657)	(4,834,023)	(6,144,067)	(1,144,133)	(4,103,414)	(3,646,754)	(2,894,154)	(1,859,794)	(3,945,848)	(151,708,676)	(28,712,844)
Disposals from exiting leased stations	-	-	-	-	-	-	-	-	-	(11,652)	(4,116,066)	(11,652)
Disposals of sale and leaseback of property, plant and equipment (Note 36)	-	-	-	-	-	-	-	-	-	-	(17,180,700)	(17,180,700)
At the end of the year	-	355,437,987	105,966,020	63,537,766	190,591	34,541,118	16,010,191	25,220,585	21,650,674	150,745,239	693,395,518	773,300,171
Net Book Value:												
As at 31 December 2023	799,157,222	545,645,265	102,392,818	94,155,832	226,273	16,465,821	25,604,504	22,527,687	16,303,426	386,466,537	2,008,945,385	2,008,945,385
As at 31 December 2022	773,357,222	507,662,050	96,507,650	73,551,953	285,794	12,760,197	12,616,313	15,125,337	13,541,629	235,631,187	1,741,039,332	1,741,039,332

(*) As of 31 December 2023, Property, plant and equipment did not include any assets mortgaged in favor of banks as collateral for loans and banking facilities provided by them (31 December 2022: SR 99,384,518) (note 20).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2023

6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense was charged to the consolidated statement of income as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Cost of revenue (note 30)	104,305,510	89,433,875
General and administrative expenses (note 31)	4,323,639	2,837,370
	108,629,149	92,271,245

7 PROJECTS IN PROGRESS

This item represents the cost of establishing the Company's head Office building and establishing and developing projects related to fuel stations in various regions in the Kingdom of Saudi Arabia. This item includes costs of contractors in addition to expenses of project management, finance costs, and other miscellaneous expenses qualified for capitalization.

The movement of the projects in progress during the year is as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 (Restated- Note 39) SR</i>	<i>01 January 2022 (Restated- Note 39) SR</i>
At the beginning of the year	184,126,421	82,857,745	65,744,738
Additions from the acquisition of a subsidiary	-	17,040,108	-
Additions during the year	182,120,818	102,941,350	126,497,286
Lease liabilities' interest ("a")	6,603,861	7,595,008	5,907,008
Loans and Murabaha interest ("b")	20,784,589	7,464,935	3,249,440
Transferred to property, plant and equipment (note 6 "c")	(296,404,551)	(33,667,084)	(118,540,727)
Transferred to other intangible assets	(4,278,660)	-	-
Impairment of projects in progress ("d")	(2,264,254)	(105,641)	-
At the end of the year	90,688,224	184,126,421	82,857,745

- This represents interests on payments of lease liabilities capitalized on construction work in progress (note 21).
- This represents finance costs qualified for capitalization. The rate used to determine finance costs qualified for capitalization is the weighted average rate 7,5% (2022: 5,4%) of borrowing costs on the Group's outstanding loans during the year and used to finance these projects.
- Transfers to property, plant and equipment mainly represent the cost of constructing new stations in all regions of KSA.
- The Group regularly inspects the completion percentage of projects. During the last inspection of these projects, an impairment at an amount of SR 2.3 million was recorded in the value of projects in progress as of 31 December 2023 (2022: SR 0,1 M).

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31 December 2023

8 INVESTMENT PROPERTIES

The group investment properties consist of a land in Makkah valued at SR 159,787,500 as of 31 December 2023 (2022: SAR 89,481,000).

Set out below is the movement of the investments in lands for the two years ended 31 December:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
<i>Cost:</i>		
At the beginning of the year	89,481,000	89,481,000
Remeasurement recognized in profit or loss	70,306,500	-
At the end of the year	159,787,500	89,481,000

During the year ended 31 December 2023, the Group elected to value investment properties at fair value in accordance with IAS 40 instead of the cost model applied previously. No adjustment to investment properties balances for the comparative period arose as a result of this change in the accounting policy as those investments were recognized at fair value as at 31 December 2022 as a result of acquisition through the business consolidation of NAFT Services Company Limited (a subsidiary).

The fair value of the land was determined based on the valuations conducted by the Estnad Office, an independent and accredited valuation expert, with license number 1210000037 by Saudi Organization for Accredited Valuers. The fair value measurement was classified under the third level based on the valuation techniques applied.

Below is the valuation technique used and the main inputs for valuation of investment properties:

	<i>Valuation technique</i>	<i>Significant non-observable inputs</i>	<i>Scope</i>
Properties (Commercial)	Comparable value approach	Price per square meter	SR 11,000 - SR 16,000 per square meter
		Fair value	SR 159.7 million

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31 December 2023

9 RIGHT OF USE ASSETS

The Group has leases related to fuel stations for which lease terms usually range between 5 years to 25 years. The Group's liabilities under leases are secured by the lessor's title deeds of the leased land and buildings. In general, there are several leases that include extension and termination options and variable lease payments. The movement of right of use assets during the year is as follows:

	<u>31 December 2023 SR</u>	<u>31 December 2022 Restated SR</u>
Cost:		
At the beginning of the year	2,750,375,640	1,647,399,912
Additions from the acquisition of a subsidiary, net	-	823,118,487
Additions	373,260,565	252,931,117
Additions due to sale and leaseback of property, plant and equipment	-	94,480,304
Adjustments to modified leases	(5,204,454)	41,576,906
Disposals	(111,956,125)	(109,131,086)
At the end of the year	<u>3,006,475,626</u>	<u>2,750,375,640</u>
Accumulated depreciation		
At the beginning of the year	529,818,994	393,707,695
Charge for the year (note 30,31)	233,512,822	191,265,689
Disposals	(40,352,922)	(55,154,390)
At the end of the year	<u>722,978,894</u>	<u>529,818,994</u>
Carrying value	<u>2,283,496,732</u>	<u>2,220,556,646</u>

- a) During the year ended 31 December 2023, the Group terminated some leases for a number of stations before the end of their terms. Consequently, these disposals resulted in gains of SR 5,549,833 (2022: SR 4,841,119), which were recognized in the consolidated statement of income.
- b) Lease adjustments represent changes made to lease payments and terms agreed upon with the lessors.
- c) There were no leases which included guaranties of residual value committed by the Group.
- d) Uncapitalized depreciation was charged to the consolidated statement of income under cost of revenue.

The following are the amounts recognized in the consolidated statement of income:

	<u>31 December 2023 SR</u>	<u>31 December 2022 Restated SR</u>
Depreciation expense of right-of-use assets	233,512,822	191,265,689
Interest expense on lease liabilities (note 21)	89,729,650	73,206,587
Variable lease payments	54,874,870	41,221,747
	<u>378,117,342</u>	<u>305,694,023</u>

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31 December 2023

8 INTANGIBLE ASSETS - GOODWILL

Goodwill resulted from the acquisition of Zaiti Petroleum Services Company during 2015 and NAFT Services Company Limited ("NAFT") during 2022. The Carrying amount of goodwill is as follows:

	<u>Naft Services Company Limited ("Naft")</u>	<u>Zaiti Petroleum Services Company</u>	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Cost:				
As at the beginning of the year	491,039,211	4,308,993	495,348,204	4,308,993
Acquisition of a subsidiary	-	-	-	491,039,211
Impairment in Goodwill	(3,150,555)	-	(3,150,555)	-
As at the end of the year	<u>487,888,656</u>	<u>4,308,993</u>	<u>492,197,649</u>	<u>495,348,204</u>

Goodwill impairment

International Accounting Standard (36) "Impairment of Assets" requires that goodwill impairment testing be performed on an annual basis regardless of whether or not there is any indication of impairment of goodwill. Goodwill is assigned to the business units of the group that represent the cash-generating units in which the goodwill is managed. Cash-generating units represent each oil station separately acquired in prior year. At the time of acquisition, goodwill was distributed based on the Group's valuation of stations representing cash-generating units.

Goodwill impairment test

The Group performed its annual impairment test in December 2023 and 2022. The Group considers the relationship between market value and book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2023, the recoverable amount of the CGUs was less than the carrying value, indicating a potential decline in goodwill. The recoverable value is determined on the basis of present value calculations, which use cash flow projections over five years in accordance with financial budgets approved by management. Off-balance sheet cash flows are extrapolated using the company's estimated growth rate. Management believes that the assumptions regarding the growth rate are no more than the average long-term growth rates of the company's activities.

Key assumptions for the current value calculations are set out below.

	<u>%</u>
Discount rates	7,14
Average annual growth rate for sales	2.5- 3
Terminal growth rate	2

The discount rates used are pre-zakat and reflect specific risks relating to the subsidiary. Management has determined the estimated gross margin based on the current fixed profit margin (0.15 halalas per liter).

Sensitivity to changes in assumptions

With regard to the assessment of current value for the subsidiary, any adverse changes in key assumptions would result in an impairment loss. The key assumptions, where reasonably possible changes could result in impairment, are the terminal growth rates and the discount rates used.

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31 December 2023

11 OTHER INTANGIBLE ASSETS

Intangible assets mainly include accounting and operating software's operating in stations; the following is the movement of intangible assets during the year:

	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Cost:		
As at the beginning of the year	14,508,458	12,186,490
Additions	383,667	2,333,038
Transferred from projects in progress	4,278,660	-
Disposals	-	(11,070)
As at the end of the year	19,170,785	14,508,458
Accumulated amortization:		
As at the beginning of the year	10,944,547	9,952,500
Amortization for the year	1,153,236	1,003,116
Disposals	-	(11,069)
As at the end of the year	12,097,783	10,944,547
Net book value:		
Balance as at 31 December	7,073,002	3,563,911

12 INVESTMENTS

A) Investments at fair value through other comprehensive income (FVOCI)

The Group has made long term investments in the below mentioned companies, which do not give control or the right to make decisions in the investee. The Group has classified these investments as investments at FVOCI in accordance with the Group's business model for such investments.

<i>Company</i>	<i>% of Ownership</i>	<i>Country of Incorporation</i>	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Middle East Battery Company	12.79%	Kingdom of Saudi Arabia	134,959,443	156,730,962
Mutual Funds - Osool and Bakheet - Investment in SABB portfolio		Kingdom of Saudi Arabia	13,871,662	-
National Tourism Company	0.36%	Kingdom of Saudi Arabia	1,233,998	1,033,034
Racing Co. Ltd.	25%	Kingdom of Saudi Arabia	125,000	125,000
			150,190,103	158,212,887

The movement of the investments at FVOCI is as follows:

	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
At the beginning of the year	158,212,887	187,448,198
Additions from the acquisition of a subsidiary	-	1,110,137
Additions during the year	10,000,000	317,676
Transferred to investments at FVTPL	-	(631,857)
Disposals during the year	(392,260)	(39,127,136)
Change in fair value during the year	(17,630,524)	9,095,869
At the end of the year	150,190,103	158,212,887

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31 December 2023

12 INVESTMENTS (CONTINUED)

b) Investments at fair value through profit or loss

The Group has made investments in locally managed mutual Funds in (investment disposed in the current year), which do not give control or decision-making rights in the investee. The Group has classified these investments at fair value through profit or loss in accordance with the Group's business model for such investments.

<i>Investee</i>	<i>Country of Incorporation</i>	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Mutual funds – Al Jazira Bank	Kingdom of Saudi Arabia	-	-

The movement in FVTPL investments was as follows:

	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
At the beginning of the year	-	125,445
Transferred from investments at fair value through other comprehensive income (FVOCI)	-	631,857
Investments in mutual funds (Al Rajhi bank and Al Jazira Bank)	-	1,712,699,999
Disposals during the year	-	(1,715,429,188)
Realized gains during the year	-	1,971,887
Change in fair value during the year	-	-
At the end of the year	-	-

13 INVESTMENTS IN DEBT INSTRUMENTS

	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Debt instruments with fixed interest (Sukuk) - at amortized cost	250,000,000	250,000,000

It consists of investing in Sukuk issued by Riyadh Bank with a credit rating of BBB+. Sukuk carry an average interest rate of 5.25% as at 31 December 2023 (31 December 2022: Nil). The details of these investments are as follows:

	<u>Maturity Date</u>	<u>Nominal value</u>	<u>Credit Rating</u>
Investment in Sukuk - Riyadh Bank	17 September 2027	150,000,000	BBB+
Investment in Sukuk - Riyadh Bank	17 September 2027	100,000,000	BBB+

14 INVENTORIES

	<u>31 December 2023 SR</u>	<u>31 December 2022 SR</u>
Fuel and petroleum materials	70,329,120	56,435,544
Catering supplies	29,711,217	35,442,249
Spare parts and consumables	6,673,776	2,986,551
Customs traffic document (TripTik) and international licenses	2,070,847	1,784,690
	108,784,960	96,649,034
Less: provision for slow-moving and obsolete items	-	(14,074,602)
Balance as at the end of the year	108,784,960	82,574,432

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14 INVENTORIES (CONTINUED)

The movement in the provision for obsolete and slow-moving inventories was as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
At the beginning of the year	14,074,602	8,535,943
Related to acquisition of subsidiary	-	4,707,318
Charge for the year	1,120,602	831,341
Write-off of obsolete goods	(15,195,204)	-
	-	14,074,602

15 TRADE RECEIVABLES

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Trade receivables	158,785,751	167,427,313
Provision for expected credit losses	(31,885,089)	(34,389,128)
	126,900,662	133,038,185

Movement in the provision for Expected credit loss during the year was as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
At the beginning of the year	34,389,128	21,565,176
Related to acquisition of subsidiary	-	73,676,725
Provision for expected credit losses	11,922,345	6,793,539
Reversal of a provision during the year	(2,816,003)	(10,941,305)
Written-off during the year	(11,610,381)	(56,705,007)
At the end of the year	31,885,089	34,389,128

Trade receivables comprise interest free net receivables due from customers with no credit rating. All the unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collaterals over receivables and vast majority are, therefore, unsecured.

Ageing analysis of trade receivables

Below are the details of expected credit losses of trade receivables as at 31 December:

Year	Total SR	Less than 90 days			More than 360 days	
		SR	SR	SR	SR	SR
31 December 2023	158,785,751	55,900,600	29,053,950	30,471,561	43,359,640	
Expected credit losses ("ECL")	(31,885,089)	(689,360)	(824,020)	(2,385,881)	(27,985,828)	
Expected credit loss rate	20.08%	1.23%	2.84%	7.83%	64.54%	
31 December 2022	167,427,313	58,812,583	30,074,454	25,495,411	53,044,865	
Expected credit losses ("ECL")	(34,389,128)	(67,389)	(217,448)	(307,491)	(33,796,800)	
Expected credit loss rate	20.5%	0.1%	0.7%	1.2%	63.7%	

Refer to note (41) for information about expected credit losses exposure of the Group's trade receivables.

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16 PREPAYMENTS AND OTHER CURRENT ASSETS

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Prepayments	35,960,212	41,136,730
Advances to suppliers	23,279,153	21,029,778
Other receivables ("a")	9,617,461	9,617,461
Refundable deposits	8,921,251	6,554,626
Discounts due from goods vendors	6,431,895	4,276,035
Employee advances and loans	5,380,969	3,753,295
Prepaid rentals	5,294,529	3,229,974
Letters of guarantee cash margin	750,000	750,000
Due from related parties (note 28)	36,472	60,563
Others	4,831,371	7,134,327
	100,503,313	97,542,789

a) The balance of other receivables represents an amount of SR 8,2 million (2022: SR 8,2 million) against a claim for the right to use a land, owned by the Group, from the Ministry of Housing, about which the judgement was in favor of the Group. The Group lodged another case against the Ministry to repossess the land used by it and the case is still under consideration as of 31st December 2023.

17 DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2023, the Group had an interest rate swap financial derivative agreement (the "Agreement") with a local financial institution in order to reduce its exposure to interest rate risk against long-term financing.

The below table summarizes the fair values of derivatives:

Derivative financial instrument	<i>Fair Value SR</i>
31 December 2023	
Interest rate swaps	2,488,468
31 December 2022	
Interest rate swaps	-

The following table summarizes the amounts recognized in the statement of profit and loss:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Changes in fair value, net	2,488,468	-
Net financial derivatives carried at fair value through profit or loss	2,488,468	-

18 BANK BALANCES AND CASH ON HANDS

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Short-term deposits	-	400,000,000
Bank balances	177,080,483	228,697,485
Cash on hands	6,073,474	8,275,996
Bank Balances and Cash on hands	183,153,957	636,973,481
Less: Retentions by banks for dividend distribution payable to shareholders	(49,704,917)	(77,264,901)
Cash and cash equivalents	133,449,040	559,708,580

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19 CAPITAL

The authorized, issued and fully paid share capital consists of 60 million shares with value SR 10 each (2022: 60 million shares with value SR 10 each).

20 STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of net income for the year to the statutory reserve until it equals at least 30% of its share capital. Thus, the Company is required to transfer 10% of its net income to the statutory reserve. The reserve is not available for distribution.

21 LEASE LIABILITIES

The Group has leases related to fuel filling stations for which lease terms usually range between 5 years to 25 years. The Group's liabilities under its leases are secured by the lessor's title deeds to the leased lands. In general, there are various leases that include extension and termination options and variable lease payments. The movement of lease liabilities during the year is as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
At the beginning of the year	2,367,317,829	1,278,083,590
Additions	373,260,565	252,931,117
Adjustments to modified leases	(5,204,454)	41,576,906
Additions from the acquisition of a subsidiary	-	823,118,487
Additions due to sale and leaseback of property, plant and equipment (note 36)	-	206,392,946
Accrued interest	89,729,650	73,206,587
lease interest charged to projects in progress (note 7)	6,603,861	7,595,008
Disposals	(77,153,037)	(58,817,815)
Amounts paid	(291,274,602)	(238,330,297)
Lease contract modifications	(1,804,233)	-
Transferred to accrued lease payments	(20,000,906)	(18,438,700)
At the end of the year	<u>2,441,474,673</u>	<u>2,367,317,829</u>
Less: Current portion	<u>(280,031,377)</u>	<u>(253,649,968)</u>
Non-Current portion	<u>2,161,443,296</u>	<u>2,113,667,861</u>

The maturity analysis of lease liabilities is disclosed in note 41.

22 LOANS

Long-Term Loans

During the year 2023, the Group obtained term loans in the form of Murabaha financing with a total value of SR 145.6 million (2022: SR 1.34 billion) for the purpose of financing some projects under construction.

The interest is due according to SIBOR plus profit margin according to the interest rates prevailing in the market.

The loan agreements contain covenants, mainly relating to certain leverage ratio, total debt to equity ratio, and other commitments. Under the terms of these agreements, the banks have the right to demand immediate repayment of the loans if any of the covenants are not met. The Group didn't comply with certain covenants as at 31 December 2023, and obtained a written waiver of covenants letters from banks before the end of the year as a result of incompliance.

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22 LOANS (CONTINUED)

Long-Term Loans (continued)

The movement in the long-term loans during the year was as follows:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
At the beginning of the year	1,612,950,321	614,238,229
Proceeds during for the year	145,724,987	1,340,000,000
Paid during the year	(368,547,083)	(341,287,908)
At the end of the year	<u>1,390,128,225</u>	<u>1,612,950,321</u>

The following table summarizes the total remaining instalments of the Group's long term-loans:

Consumption in future.

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Total instalments	1,415,046,388	1,635,081,580
Less: Finance cost	(24,918,163)	(22,131,259)
Due amounts	<u>1,390,128,225</u>	<u>1,612,950,321</u>
Current portion	59,865,545	51,809,756
Non-Current portion	<u>1,330,262,680</u>	<u>1,561,140,565</u>
	<u>1,390,128,225</u>	<u>1,612,950,321</u>

Murabaha financing & short-term loans

These item represents working capital facilities obtained during the year from local banks. These facilities carry variable interest rates according to prevailing market rates at an average rate according to SIBOR plus a profit margin according to market interest rates.

23 EMPLOYEES' DEFINED BENEFIT LIABILITIES

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Defined benefit liability	44,809,348	41,644,697

The Group grants employee defined benefits ("Benefit Plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of the termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of defined terminal benefit plan is the present value of the defined benefit liability at the reporting date.

The defined benefit is calculated regularly by qualified actuaries using projected credit unit method. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using yields on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid.

Re-measurement amounts of actuarial gains and losses on the defined benefit liability, if any, are recognized and reported within re-measurements of employees' terminal benefits in the consolidated statement of comprehensive income and cumulative actuarial gains or losses in the consolidated statement of changes in equity.

The Group's plan is exposed to actuarial risk including:

- Discount Rate Risk: the decrease in the discount rate would increase employees' defined benefit liabilities.
- Salary change risk: The present value of the terminal benefits provision is calculated on the basis of future salaries of plan participants, and therefore the increase in salaries will increase the value of the employees' defined benefits liabilities.

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23 EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)

Employees' Terminal benefits expense:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Current service cost	7,144,428	6,087,127
Financial charges related to employees' terminal benefit plans	1,703,873	906,433
Total benefit expense	<u>8,848,301</u>	<u>6,993,560</u>

Actuarial gains(losses)

Actuarial gains (losses) charged to the consolidated statement of comprehensive income:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Actuarial gains (losses) on employees' defined benefit liabilities	<u>1,704,394</u>	594,378

Movement of present value of employees' terminal benefits liabilities for the two years ended 31 December:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
As at the beginning of the year	41,644,697	20,937,754
Additions due to acquisition of subsidiary	-	21,316,710
Employees' terminal benefits expense	8,848,301	6,993,560
Benefits paid	(3,979,256)	(7,008,949)
Actuarial (Gains) losses from employees' terminal benefits	(1,704,394)	(594,378)
As at the end of the year	<u>44,809,348</u>	<u>41,644,697</u>

Key actuarial assumptions

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Salary Growth Rate	3.8%	2.7%
Discount rate	4.43%	4.35%
Number of employees covered under terminal benefits plan	3,950	4,137

Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December:

<i>Assumptions</i>	<i>Salary Growth Rate</i>		<i>Discount rate</i>	
	<i>Increase by 50 basis points SR</i>	<i>Decrease by 50 basis points SR</i>	<i>Increase by 50 basis points SR</i>	<i>Decrease by 50 basis points SR</i>
<i>Sensitivity Level</i>				
2023	45,767,762	44,076,291	43,913,374	45,705,322
2022	44,733,747	38,150,359	38,150,828	44,734,735

The sensitivity analysis above was performed based on a method by which the impact on employees' terminal benefits liabilities is expected due to reasonable changes in principal assumptions which take place at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit liability as it is unlikely that changes in assumptions would occur in isolation from one another.

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23 EMPLOYEES' DEFINED BENEFIT LIABILITIES (CONTINUED)

The below represents the amounts expected to be paid or compensation of employee terminal benefits planned for the next years:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Within 12 months (next current period)	4,831,164	3,395,676
Two to five years	30,863,538	20,758,015
More than five years	43,825,381	40,403,209

24 TRADE PAYABLES

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Vendors of fuel and petroleum materials	734,048,874	721,614,509
Vendors of goods and services	68,035,551	56,040,972
	<u>802,084,425</u>	<u>777,655,481</u>

25 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Deferred revenue	110,155,640	73,555,161
Accrued expenses	32,939,439	40,328,828
Accrued finance costs	24,918,163	22,131,259
Accrued lease payments	28,155,499	18,438,700
Performance securities	14,873,128	13,353,102
Value added tax payable, net	4,099,057	7,019,832
Deposits for others	7,790,861	6,418,346
Amounts due to related parties (note 28)	69,000	41,000
Others	7,945,568	13,399,199
	<u>230,946,355</u>	<u>194,685,427</u>

26 DIVIDENDS PAYABLE TO SHAREHOLDERS

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Dividends	27,228,924	54,747,431
Shares sold in Auction	16,585,123	16,626,600
Underwriting surplus - at incorporation	2,233,200	2,233,200
Surplus due to Capital decrease	2,119,778	2,119,778
Underwriting surplus - second installment	1,537,892	1,537,892
	<u>49,704,917</u>	<u>77,264,901</u>

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27 ZAKAT

Charge during the year

The Zakat charge during the year as follow:

	31 December 2023 SR	31 December 2022 SR
Zakat expense for the year	4,103,847	6,216,462
Prior year adjustments	2,200,000	2,293,282
	6,303,847	8,509,744

Zakat provision has been calculated as the following:

	31 December 2023 SR	31 December 2022 SR
Equity	859,535,116	799,936,550
Opening provisions and other adjustments	4,224,291,546	4,050,790,556
Book value of long-term assets	(5,192,378,595)	(4,913,409,889)
	(108,551,933)	(62,682,783)
Income subject to zakat for the year	154,363,042	248,658,499
Zakat base	154,363,042	248,658,499

Movement in provision during the year

The movements in provision for Zakat during the year was as follows:

	31 December 2023 SR	31 December 2022 SR
At the beginning of the year	13,690,583	6,303,772
Related to acquisition of subsidiary	-	3,982,633
Charge during the year	6,303,847	8,509,744
Paid during the year	(16,358,888)	(5,105,566)
At the end of the year	3,635,542	13,690,583

The Company submits its zakat returns of the Group on a consolidated basis of the Company and its subsidiaries, except for "Naft". The Group has submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") for all previous years up to 2022.

Zakat status - SASCO

The Company has submitted its zakat returns to Zakat, Tax and Customs Authority ("ZATCA") for all previous years up to 2022. The Company received Zakat assessments from ZATCA up to 2008, ZATCA also raised Zakat assessments for the years from 2014 to 2018, resulting in additional Zakat liabilities/claims of SR 12.3 million. The company lodged an objection to all of these additional claims. However, the company's objection was rejected by ZATCA, and accordingly, the company booked additional zakat provision during the years 2021 and 2022 in the amount of SR 10.1 million and the full amount of the remaining additional zakat claims of SR 2.2 million during the year 2023.

Zakat status - NAFT

The Company filed its zakat declarations with ZATCA for all the years up to 2022. ZATCA raised Zakat assessments up to 2016. The final assessments for all years have not yet been raised by ZATCA.

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28 RELATED PARTY TRANSACTIONS AND BALANCES

The Group's related parties consist of major shareholders, key management personnel, companies in which the Group, shareholders, Board of directors or key management personnel have control or common control or significant influence. In the normal course of business, the Group transacts with related parties. These translations represent mutual services with these entities.

Below are the details of significant transactions and related balances:

a) Amounts due from related parties

Related Party	Relationship	Nature of transaction	Amounts of transactions		Balance	
			2023 SR	2022 SR	2023 SR	2022 SR
Najmat Al Mada'in Company - Najmat Projects	Affiliated Company	Sale of fuel	52,911	53,056	7,784	12,592
Entertainment Gate Company	Affiliated Company	Sale of fuel and lease of residential rooms	90,487	89,250	3,526	10,772
Ibrahim Al Hadithi for Investment Company	Affiliated Company	Sale of fuel	168,069	257,979	23,607	32,852
Zawayya Real Estate Company	Affiliated Company	Sale of fuel	16,610	14,795	1,555	4,347
Nahaz Investment Company	Affiliated Company	Sale of fuel	53,686	60,636	-	-
Arzaq Agricultural Company	Affiliated Company	Sale of fuel	36,920	44,340	36,472	60,563

b) Amounts due to related parties

Related Party	Relationship	Nature of transaction	Amounts of transactions		Balance	
			2023 SR	2022 SR	2023 SR	2022 SR
Nahaz Investment Company	Affiliated Company	lease of an administrative building and stations	2,163,658	2,187,000	69,000	41,000
Najmat Al Mada'in Real Estate Company	Affiliated Company	lease of stations	1,650,000	1,650,000	69,000	41,000

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28 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Benefits and Remuneration of key management personnel

Senior management consists of key management personnel of the Group who have powers and responsibilities of planning, directing, overseeing and controlling the Group's activities. Benefits and Remuneration of key management personnel comprise the following:

	Amounts of transactions	
	31 December	31 December
	2023	2022
	SR	SR

Benefits and Remuneration of the Group's key management personnel relating to the acquisition of "Naft"	-	24,500,000
Salaries, allowances, and incentives of non-executive board members	1,155,000	1,329,000
Senior management salaries and benefits	11,555,269	7,888,423

Terms and conditions relating to related party balances

Outstanding balances with related parties at the year-end are unsecured, interest free, settled in cash within 12 months from the consolidated statement of financial position date. There has been no guarantee provided or received for any related party receivables or payables. For the years ended 31 December 2023 and 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken at each reporting period by examining the financial position of the related party and the market in which the related party operates.

29 REVENUE

	31 December	31 December
	2023	2022
	SR	SR

Fuel revenue	8,496,674,023	7,271,225,498
Leasing revenue	285,566,445	235,074,560
Catering revenue	246,174,389	227,931,684
Others	84,512,583	117,979,386
	9,112,927,440	7,852,211,128

Timing of revenue recognition

Over a period of time	285,566,445	235,074,560
At a point in time	8,827,360,995	7,617,136,568
	9,112,927,440	7,852,211,128

30 COST OF REVENUE

	31 December	31 December
	2023	2022
	SR	(Restated- Note 39) SR

Direct materials	8,094,924,142	7,002,557,230
Depreciation of right to use asset (note 9)	233,242,173	191,265,689
Employees' costs	215,914,114	182,397,450
Depreciation of property, plant, and equipment (note 6)	104,305,510	89,433,875
lease of stations	52,572,502	34,018,220
Repair and maintenance	25,608,227	21,618,491
Utilities	24,113,145	22,434,497
Bank charges	18,002,439	10,203,151
Professional fees	1,524,245	1,434,814
Amortization of intangible assets	490,461	447,350
Others	49,573,720	37,652,833
	8,820,270,678	7,593,463,600

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31 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December	31 December
	2023	2022
	SR	SR
Salaries, wages and employees' benefits	81,051,169	66,495,837
Professional and consultancy fees	8,660,904	6,755,909
Depreciation of property, plant and equipment (note 6)	4,323,639	2,837,370
Bank charges	1,760,935	5,746,406
Repair and maintenance expenses	1,362,173	2,211,446
Amortization of intangible assets	662,775	555,766
Electricity and water	562,449	577,897
Depreciation of right to use asset (note 9)	270,649	-
lease of stations	242,462	-
Impairment in Goodwill	3,150,555	-
Commissions, real estate consultation fees relating to the acquisition of "NAFT"	-	55,000,000
Benefits and remuneration of the Group's Key management personnel (note 28)	-	24,500,000
Provision for customs claims	-	811,836
Others	7,612,050	11,675,286
	109,659,760	177,167,753

32 FINANCE COSTS

	31 December	31 December
	2023	2022
	SR	SR
Interest on Lease liabilities	89,729,650	73,206,587
Interest on Murabaha financing and loans	69,198,271	41,761,423
	158,927,921	114,968,010

33 OTHER INCOME, NET

	31 December	31 December
	2023	2022
	SR	SR
Non-cash gains from revaluation of fair value investment properties	70,306,500	-
Deposits and investments in debt instruments	30,794,427	10,349,348
Reversal of provisions	4,860,117	-
Profit from financial derivatives	2,488,468	-
Gain from sale and leaseback of property, plant and equipment (note 34)	-	95,058,304
Gains from sale of property, plant and equipment	217,983	6,643,413
Gains from sale of activity*	-	5,186,578
Others	11,212,833	4,944,548
	119,880,328	122,182,191

34 EARNINGS PER SHARE

Basic and diluted EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Group by the weighted average number of outstanding ordinary shares issued and paid during the year plus the weighted average number of ordinary shares to be issued when all dilutive potential ordinary shares are converted to ordinary shares. Diluted earnings per share are calculated, same as the ordinary or basic share profit, as the Group does not have any convertible bonds or diluted instruments to exercise.

The following table shows income data from main operations, income and shares used to calculate basic and diluted earnings per share for the year:

	31 December	31 December
	2023	2022
	SR	(Restated- Note 39) SR
Income for the year attributable to the shareholders of the Parent Company	105,493,896	75,177,274
Weighted average number of outstanding shares	60,000,000	60,000,000
	1.76	1.25

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35 DIVIDENDS

2023:

On 26 Rabi Al-Awwal 1445 H (corresponding to 11 October 2023), the Board of Directors resolved to distribute interim dividends for the first half of 2023 at an amount of SR 30 million (SR 0.50 per share).

2022:

The shareholders' general assembly, in its meeting held on 15 Duh Al-Qi'dah 1443H (corresponding to 14 June 2022), approved cash dividends of SR 15 million (at SR 0.25 per share) for the year 2021. The Company's Ordinary General Assembly also authorized the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2022.

The Board of Directors has resolved on 8 Safar 1444H (corresponding to 4 September 2022) to distribute interim dividends for the first half of the year 2022 an amount of SR 30 million (at SR 0.50 per share).

The Board of Directors resolved on 24 Jumada Al Ula 1444H (corresponding to 18 December 2022) to distribute interim dividends for the third quarter of the year 2022 an amount of SR 30 million (at SR 0.50 per share).

36 SALE AND LEASE-BACK OF PROPERTY, PLANT AND EQUIPMENT

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Cash proceeds from the sale and leaseback of property, plant and equipment	-	381,702,607
Book value of property, plant and equipment (note 6)	-	(174,731,661)
	-	206,970,946
Additions to the right of use assets due to leaseback (note 9)	-	94,480,304
Gain from sale and leaseback of property, plant and equipment (Note 33)	-	(95,058,304)
	-	206,392,946

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37 SEGMENTAL INFORMATION

The Group has the following strategic departments representing its reporting segments. These segments offer various services and are separately managed because they have different economic characteristics – such as sales growth trends, return rates, level of capital investment and also have different marketing strategies.

Retail and operation: Saudi Club:	This segment represents the activities of operating stations from the sale of fuels, the sale of food and beverages, and operation of residential and commercial buildings. This segment represents the issuance of customs traffic document (TripTik), international driving licenses, and sports activities.
Transportation Fleet:	This segment represents transportation services of liquid and dry materials.
Others:	This segment represents the activity of investing in other companies, securities, and activities of granting the right to use SASCO trademark.

	<i>Retail and operation SR</i>	<i>Saudi Club SR</i>	<i>Transportatio n Fleet SR</i>	<i>Others SR</i>	<i>Eliminations SR</i>	<i>TOTAL SR</i>
For the year ended 31 December 2023						
Revenue	9,082,521,123	21,598,094	8,808,223	-	-	9,112,927,440
Inter-segment revenue	40,018,732	-	42,571,946	-	(82,590,678)	-
Depreciation of property, plant and equipment	101,878,145	60,328	6,690,676	-	-	108,629,149
Depreciation of right of use of assets	231,857,197	-	1,655,625	-	-	223,886,991
Cost of Revenue	8,849,203,359	11,390,685	42,267,312	-	(82,590,678)	8,820,270,678
Gross Profit	282,962,326	10,207,409	9,112,858	-	-	302,282,593
For the year ended 31 December 2022 (Restated-Note 39)						
Revenue	7,833,606,609	11,097,142	7,507,377	-	-	7,852,211,128
Inter-segment revenue	33,905,415	-	37,719,974	-	(71,625,389)	-
Depreciation of property, plant and equipment	87,187,548	45,394	5,038,303	-	-	92,271,245
Depreciation of right of use of assets	190,494,601	-	771,088	-	-	191,265,689
Cost of Revenue	7,623,495,254	6,911,982	34,681,753	-	(71,625,389)	7,593,463,600
Gross Profit	258,056,456	3,581,509	10,545,599	-	-	272,183,564

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37 SEGMENTAL INFORMATION (CONTINUED)

	Retail and operation SR	Saudi Club SR	Transportation Fleet SR	Others SR	Eliminations SR	TOTAL SR
As at 31 December 2023						
Assets	6,286,820,235	32,431,363	172,515,951	181,819,894	(709,380,488)	5,964,206,955
Property, plant and equipment	1,904,889,975	370,587	83,019,724	20,665,099	-	2,008,945,385
Right-of-use assets	2,268,757,569	-	14,739,163	-	-	2,283,496,732
Liabilities	5,293,167,511	4,118,423	107,434,738	91,785	(442,028,972)	4,962,783,485
As at 31 December 2022 (Restated- Note 39)						
Assets	6,513,236,693	24,014,017	146,767,358	197,899,429	(789,460,209)	6,092,457,288
Property, plant and equipment	1,648,206,603	335,577	71,832,053	20,665,099	-	1,741,039,332
Right-of-use assets	2,219,294,641	-	1,262,005	-	-	2,220,556,646
Liabilities	5,414,234,246	4,358,157	90,738,362	-	(394,121,526)	5,115,209,239

The Group's assets are located in the Kingdom of Saudi Arabia, where it carries out all its activities and thus represents the only geographical segment of the Group.

Reconciliation of information related to the gross profit of the segments to the income before zakat of the Group:

	31 December 2023 SR	31 December 2022 (Restated- Note 39) SR
Gross Profit	292,656,762	258,747,528
Un-allocated items:		
Selling and marketing expenses	(4,637,219)	(4,431,958)
General and Administrative expenses	(109,659,760)	(177,167,753)
Finance costs	(158,927,921)	(114,968,010)
Provision for expected credit losses	(9,106,341)	4,147,766
Net gains from investments at FVTPL	-	1,971,887
Dividends income from investment at FVOCI	6,202,549	2,373,600
Other income, net	119,593,199	122,182,191
Total un-allocated amounts	(156,248,364)	(165,892,277)
Income before zakat	136,408,398	92,855,251

38 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

The Group has capital commitments of SR 48.1 million (31 December 2022: SR 54,2 million) mainly related to establishing and developing projects of fuel stations.

Contingent Liabilities

a) As at 31 December 2023, the Group has bank letters of guarantee amounting to SR 2.9 billion (31 December 2022: SR 2.1 billion). Those have been issued in the normal course of business of the Group.

b) The Group has several lawsuit cases filed against it, related to certain leased lands. These cases have not yet been finalized and the expected outcome cannot be determined reliably. Accordingly, a provision has been made against potential liabilities of such lawsuits amounting to SR 2.5 million (2022: SR 2,1 million) as at the date of these consolidated financial statements.

c) The Group has one lawsuit case lodged against the Ministry of Housing in relation with a land owned by the Group. Part of this land was used by the Ministry to build a residential compound (note 15).

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39 PRIOR YEARS ADJUSTMENTS

The Group, in its normal course of business, obtains lands/buildings on leases and constructs stations on them. Since the adoption of IFRS 16, the Group had been capitalising the depreciation of right-of-use assets related to the lands to the cost of buildings during the time of construction. This treatment was in line with the generally accepted practice. In November 2023, SOCPA published a clarification related to the capitalisation of depreciation of right of use assets, in relation to leased land, to the cost of building during the construction period surfaced as a result of an enquiry it received. Consequently, the Group applied the SOCPA's clarification retrospectively by restating prior years. Hence, cost of revenue was understated during those years. Based on the surfaced clarification, the Group has accounted for the effect of this clarification in these consolidated financial statements in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The resultant impact of the above mentioned restatement on each of the impacted consolidated financial statements line items for the prior periods is reflected in the table below:

Effect on the statement of financial position as of 1 January 2022	As previously reported SR	Restatement SR	As restated SR
Projects under Constructions	88,822,197	(5,964,452)	82,857,745
Retained earnings	17,522,636	(5,368,007)	12,154,629
Statutory reserve	65,559,289	(596,445)	64,962,844
Effect on the statement of financial position as of 31 December 2022	As previously reported SR	Restatement SR	As restated SR
Projects under Constructions	203,526,909	(19,400,488)	184,126,421
Retained earnings	30,830,473	(17,460,439)	13,370,034
Statutory reserve	74,529,931	(1,940,049)	72,589,882
Effect on the statement of profit or loss for the year ended 31 December 2022	As previously reported SR	Restatement SR	As restated SR
Cost of revenue	7,580,027,564	13,436,036	7,593,463,600
Basic and diluted earnings per share	1.50	(0.25)	1.25

40 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain future development of the business. The Board of Directors monitors the return on capital, determined by the Group based on the output of operating activities divided by total shareholders' equity and non- controlling interests. There were no changes in the Group's approach to capital management during the year. The Board of Directors also monitors the level of dividends to ordinary shareholders and capital management. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. Net debt is calculated as loans, trade receivables, accrued expenses and other current liabilities (as listed in the consolidated statement of financial position) minus cash and equivalents.

Equity comprises all components of equity.

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40 CAPITAL MANAGEMENT (CONTINUED)

The Group's net debt rate to its equity as 31 December was as the following:

	<i>31 December 2023 SR</i>	<i>31 December 2022 SR</i>
Total debt	2,472,863,922	2,692,556,130
Less: Bank balances and cash on hands	(183,153,957)	(636,973,481)
Net debt	2,289,709,965	2,055,582,649
Total Equity	1,030,452,789	996,648,537
Gearing ratio	2.22	2.06

41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments risk management objective and policies

Senior management is responsible for risk management. Financial instruments carried in the consolidated statement of financial position include bank balances, short term deposits, investments, trade receivable, due from/to related parties, term loans, and trade payables. Recognition methods have been disclosed in the accounting policies under each related item. Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Market risk

Market risk is the risk that changes in market prices, such as foreign equity prices, foreign currency exchange risk and interest risk will affect the Group's income 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.

Equity price risk

The Group's non-listed equity investments 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 by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Currency risk

The Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally performed in Saudi Riyals and United States Dollar. Since the exchange rate of SR is pegged against USD, the Group is not exposed to significant risk.

Management monitors fluctuations in foreign currency rates closely.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term loan liabilities with floating interest rates. The Group manages interest rate risk through improvement of available funds, decrease of term loans and use of selected hedging.

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41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk (Continued)

Interest rate sensitivity analysis

The table below shows the sensitivity to any potential change reasonably in interest rates to that portion of loans and affected loans. With all other variables held constant, the Group's profit before zakat is affected through the impact on floating rate loans, as follows:

	<i>100 basis points increase SR</i>	<i>100 base points decrease SR</i>
2023	(13,901,282)	13,901,282
2022	(16,129,503)	16,129,503

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its trade receivables, bank balances and due from related parties as at 31 December:

	<i>2023 SR</i>	<i>2022 SR</i>
Bank Balances	177,080,483	628,697,485
Trade receivables	126,900,662	133,038,185
Amounts due from related parties	36,472	60,563
	304,017,617	761,796,233

The carrying amounts of financial assets represent the maximum credit exposure.

Bank balances and short-term deposits

the Group keeps its cash surplus with banks in Kingdom Saudi Arabia with strong credit ratings. Therefore, the credit risk related to bank balances and short-term deposits are considered by management as insignificant.

Trade Receivables

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer assessed based on an extensive credit rating scorecard and individual credit limits defined in accordance with this assessment.

The Group measures trade receivables less the provision for expected credit losses. For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs).

Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment (note 13).

As at 31 December 2023, more than 89% (2022: 89%) of the Group's customers are companies and governmental bodies. Expected credit loss at an amount of SR 13,4 million has been recognized (2022: SR 8,5 million).

During the process of monitoring credit risk of customers, such customers are grouped as per their credit characteristics, whether they are individuals, corporate, or governmental bodies, as well as their geographical locations, type of business, transaction dates with the Group, and existence of historical financial difficulties.

Amounts due from related parties

The Group has not recorded any impairment of receivables relating to amounts due from related parties. This assessment is undertaken at each reporting period by examining the financial position of the related party and the market in which the related party operates. there are no significant transactions with related parties as at 31 December 2023 and 31 December 2022.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

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41 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted contractual payments as at 31 December:

	<i>Within 1 year</i>	<i>1 to 5 years</i>	<i>More than five</i>	<i>TOTAL</i>
	<i>SR</i>	<i>SR</i>	<i>years</i>	<i>SR</i>
			<i>SR</i>	
2023				
Term loans and Murabaha financing	59,865,545	976,854,500	353,408,180	1,390,128,225
Trade payables	802,084,425	-	-	802,084,425
Accrued expenses and other current liabilities	230,946,355	-	-	230,946,355
Lease liabilities	267,188,725	1,434,289,156	1,264,878,455	2,966,356,336
Dividends payable to shareholders	49,704,917	-	-	49,704,917
	1,409,789,967	2,411,143,656	1,618,286,635	5,439,220,258
	<i>Within 1 year</i>	<i>1 to 5 years</i>	<i>More than five</i>	<i>TOTAL</i>
	<i>SR</i>	<i>SR</i>	<i>years</i>	<i>SR</i>
			<i>SR</i>	
2022				
Term loans and Murabaha financing	81,809,756	740,578,655	820,561,910	1,642,950,321
Trade payables	777,655,481	-	-	777,655,481
Accrued expenses and other current liabilities	194,685,427	-	-	194,685,427
Lease liabilities	291,282,800	1,319,168,228	1,111,836,753	2,722,287,781
Dividends payable to shareholders	77,264,901	-	-	77,264,901
	1,422,698,365	2,059,746,883	1,932,398,663	5,414,843,911

As at 31 December 2023, the Group has available cash facilities amounting to SR 1.3 billion (31 December 2022: SR 1.1 billion) representing unwithdrawn cash from cash loan facilities granted.

42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of bank balances, cash on hands, short term deposits, investments, trade receivables and due from related parties, while its financial liabilities consist of term loans, trade payables, and due to related parties.

The management concluded that fair value of bank balances and cash on hands, short-term deposits, trade receivables, due from related parties, trade payables and due to related parties significantly approximate their carrying amounts due to the short-term maturities of these instruments. For term loans, and investment in debt instruments, the fair value doesn't significantly differ from the carrying amount in the consolidated financial statements as profit rates prevailing in markets for identical financial instruments do not differ from the contractual rates.

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42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities measured at fair value.

31 December 2023

Financial assets

Investments at fair value through other comprehensive income (FVOCI)

	<i>Levels of fair value</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	-	-	150,190,103

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Financial assets

Investments at fair value through other comprehensive income (FVOCI)

	-	-	158,212,887
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The investment at FVOCI is classified within Level 3 of the fair value levels and measured by management at fair value using the two income methods (discounted cash flows) and market (Price-to-earnings ratio) methods.

The financial liabilities and assets as at 31 December are as follows:

	<i>31 December</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Financial assets		
Investments at fair value through other comprehensive income (FVOCI)	150,190,103	158,212,887
Financial assets carried at amortized cost		
Trade receivables	126,900,662	133,038,185
Investments in debt instruments	250,000,000	250,000,000
Amounts due from related parties	36,472	60,563
Total financial assets carried at amortized cost	376,937,134	383,098,748
Total financial assets	527,127,237	541,311,635
Total current financial assets	126,900,662	133,098,748
Total non-current financial assets	400,226,575	408,212,887
	527,127,237	541,311,635
	<i>31 December</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>SR</i>	<i>SR</i>
Financial liabilities		
Financial liabilities carried at amortized cost		
Trade payables	802,084,425	777,655,481
Term loans	1,390,128,225	1,642,950,321
Amounts due to related parties	69,000	41,000
Accrued expenses	230,877,355	121,089,266
Dividends payable to shareholders	49,704,917	77,264,901
Total financial assets carried at amortized cost	2,472,863,922	2,619,000,969
Total current financial liabilities	1,141,601,242	1,057,860,404
Total non-current financial liabilities	1,330,262,680	1,561,140,565
	2,471,863,922	2,619,000,969

43 SUBSEQUENT EVENTS

No significant events have occurred subsequent to the date of the consolidated financial statements and before the issuance of these consolidated financial statements, which require making any adjustment to, or a disclosure.

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44 COMPARATIVE FIGURES

In addition to prior year adjustment disclosed in note 39 above, certain prior year figures have been reclassified to conform to the current period presentation.

45 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 11 Ramadan 1445H (corresponding to 21 March 2024).



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