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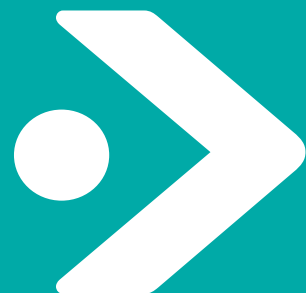
**A HUB FOR ALL,  
SERVING ALL**



**ANNUAL  
REPORT  
2022**



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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



Kingdom of Saudi Arabia

المملكة العربية السعودية

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the most gracious, the most merciful

# Company Profile

## SASCO'S VISION

SASCO's vision is to become the major Company in terms of service quality and integration, and an example in the field of automotive services and rest house and motel management on the highways of the Kingdom of Saudi Arabia.

## SASCO'S MISSION

The Company's mission is to provide a range of integrated services to motorists and travellers, inside and outside the cities, following top-notch local and international standards, consistently ensuring customer satisfaction with an emphasis on added value.

## SASCO'S SUCCESSION

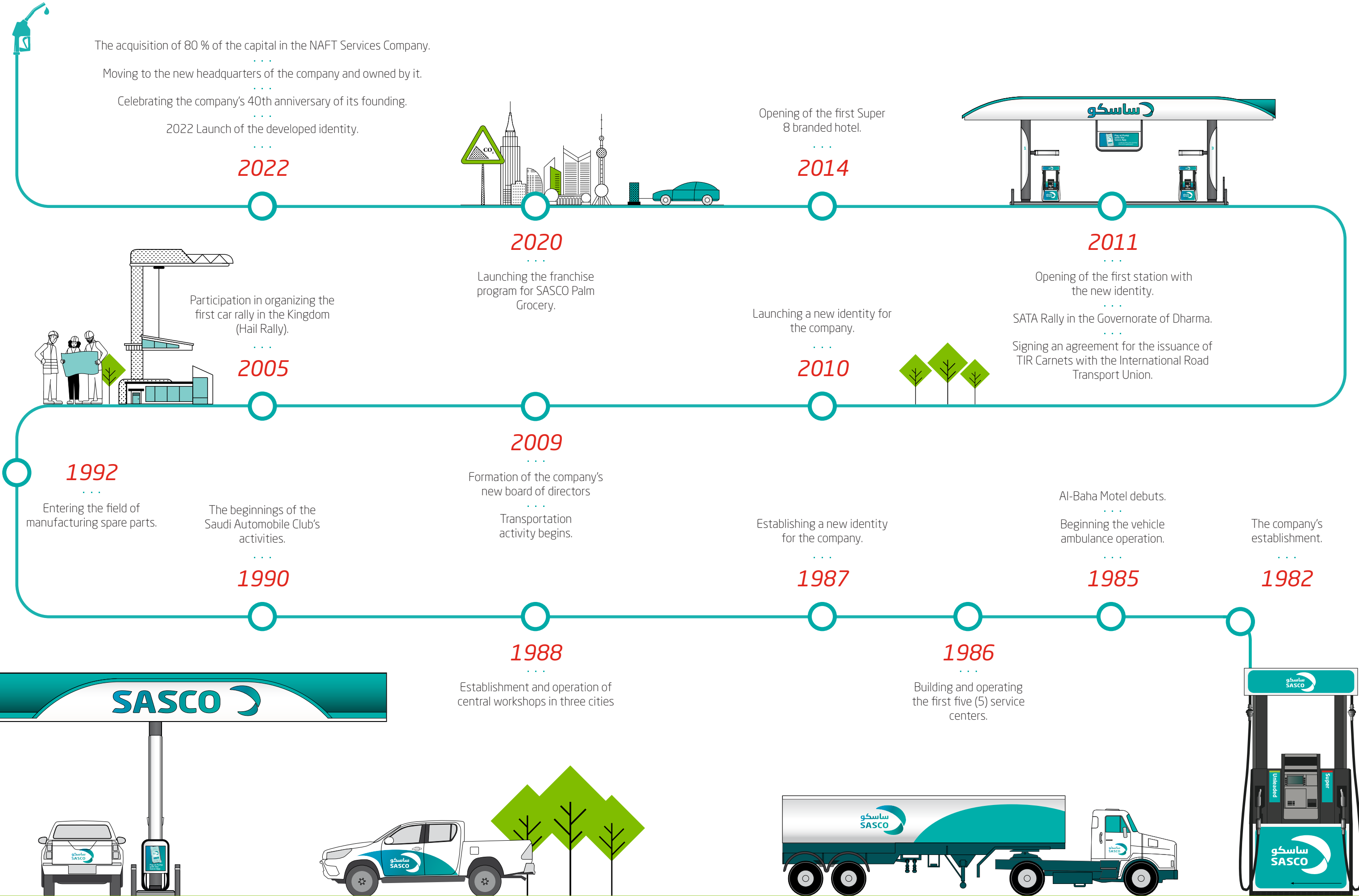
The Group's succession in all its 40 years of activity is driven by a dedicated and highly skilled workforce united by Company culture and focus on delivering industry-leading results and superior value. SASCO is a market leader and ahead of its peers by being a hub and a station for everyone from all walks of life, whether in terms of gender, age, or geography, offering integrated services, not only a fuel experience but including retail, food, and beverage.





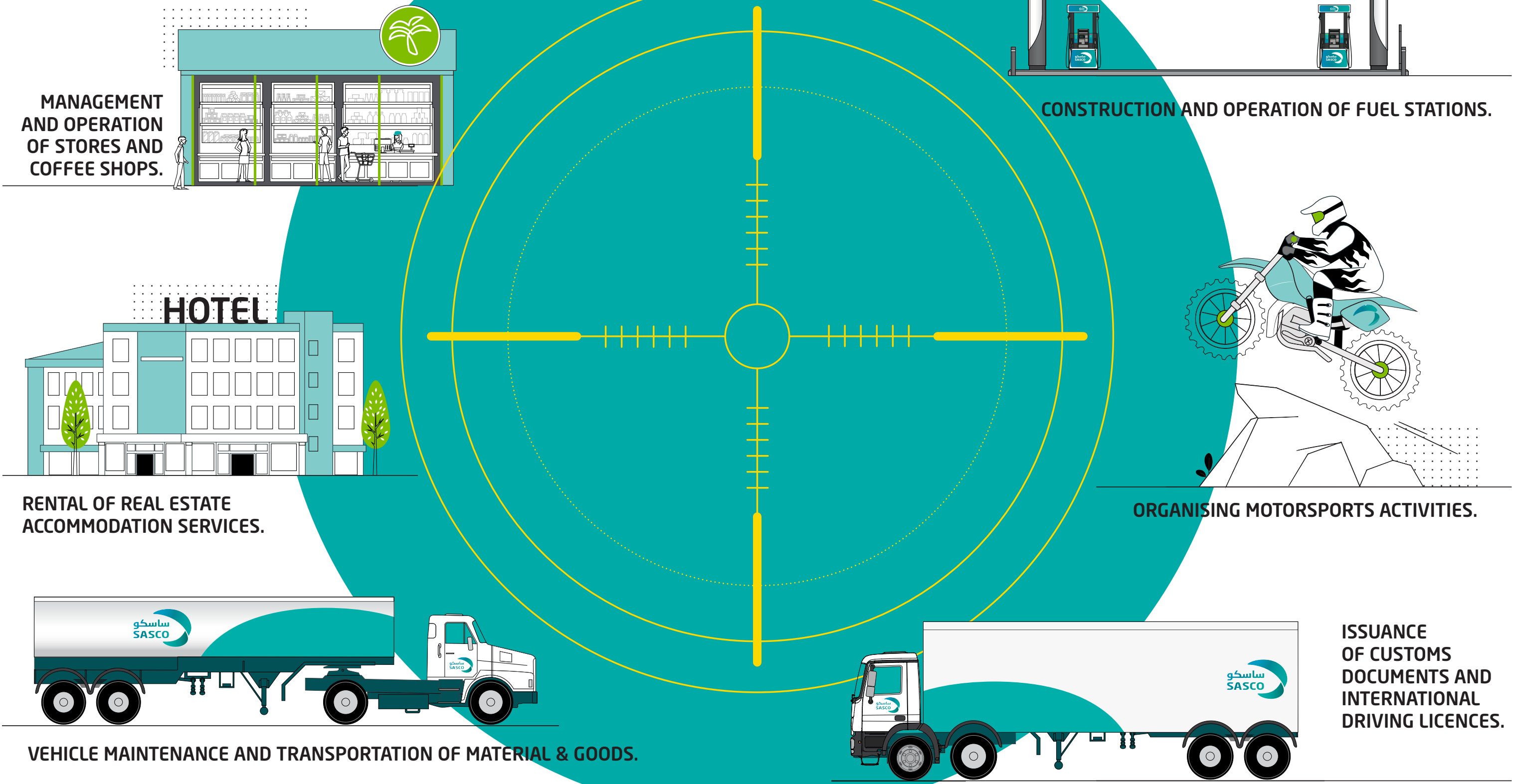
*SASCO is a Saudi public shareholding company established under Ministerial Decree No. 563 dated 23/12/1402H, corresponding to 12/10/1982.*

*Its main activity is the operation of vehicle and traveller service centres, rest houses, motels, restaurants, fuel transportation and sale, import and sale of equipment, home supplies, drinks, and refreshments on highways and modern maintenance services, import and sale of operational and reconstruction materials, purchase and rental of real estate, and the operation of an vehicle club that issues international driving licences and Customs Transit books (TripTik).*





# Operating Segments



# Company Activities

## A HUB FOR ALL, SERVING ALL



**Fuel transportation and sale**, transportation of petroleum products and their derivatives as well as kerosene, gasoline, diesel, gas, lubricants, liquid and dry chemical materials, sand, gravel, asphalt and building materials, in addition to automobiles and people transportation, the opening of branches for car and public rental, transportation of equipment and goods for a fee on land routes inside and outside the Kingdom, transportation of water and sewerage, truck and trailer lease to third parties, and provision of advertising services on tankers and vehicles.



**Participation in local and international clubs for cars and motorcycles** as well as local and international associations and authorities concerned with automobile and motorcycle affairs, and the issuance of Carnets de Passage or CPD (Trip Ticket), international driving permits (IDP), and TIR Carnets for trucks, in addition to the establishment, management, maintenance, and operation of motorsport arenas and involvement in motorsport races and events in terms of organisation and participation.



**Import, sale, and distribution of spare parts**, automotive hardware, and equipment, as well as parts, accessories and materials required to provide the best maintenance and repair services for automobiles and equipment to meet the needs of maintenance operations in the repair shops and service stations and sell them directly to the public. Submission of contracting tenders for automobile and equipment maintenance for individuals, companies, and institutions.



**Import and sale of food, drinks**, refreshments, equipment, coffee, hot drinks, sandwiches, baked goods, vegetables, fresh fruits, toys of all kinds (except toy guns), travel supplies, clothes, household utensils, tools, electronics, mobile accessories, mobile devices, perfumes, cosmetics, and automotive supplies.



**Provision of general contracting services for buildings** (construction, repair, demolition, restoration), in addition to the establishment, management, maintenance, and operation of residential and commercial buildings and road work.



**Establishment and operation of gas stations** in service of automobiles and travellers within cities and on main inter-city roads, in addition to retail and direct delivery of automobile and motorcycle fuel to customers.



**Provision of marketing services to third parties** and grant of franchises to third parties with regard to its own brands.



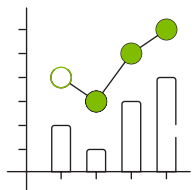
**Purchase, sale, rental, and lease of lands and real estate** required to serve the Company's purposes in addition to property management for third parties.



**Establishment, management, maintenance, operation, and cleaning** of residential and commercial buildings and gas stations owned by the Company and third parties.



# Company's Core Strengths



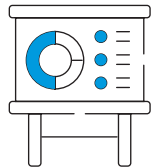
## MARKET SHARE

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



## DIVIDENDS

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



## DIVERSIFIED BUSINESS MODEL

A unique mix of subsidiary companies to complement the overall service offering, including fuel stations, retail outlets, hospitality services, logistics and supply chain, investments, contracting and real estate.



## FRANCHISES

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



## STRONG RATIOS

The Company operates with solid financials to highlight the strength in depth of the business.



## HIGH CASH FLOW

Following the acquisition of Naft, the Company has become extremely liquid with a very high daily cash flow.

# Chairman's Foreword



*As we celebrate 40 years of SASCO, we reflect proudly on the Company's achievements.*

**While performance has exceeded peers and the broader market measured by total shareholder returns, we are most proud of how we accomplished these results.**

**We have long-standing practices and metrics in place** to focus on, address and insulate ourselves from these material risks and ongoing initiatives to continuously raise the bar, as we believe we can never become complacent in our competitive industry.

**In line with the objectives and strategic priorities as set out in Saudi Arabia's Vision 2030**, including a larger role for the energy sector, it will merit further attention in the ongoing restructuring efforts, including dealing with the changing nature of the country's energy mix and variability requirements, and developing an effective mechanism to channel government support during the transition period, requiring the Company to take measures to improve resilience and to provide vital information to ensure continuity on government reforms.

**Having a strong purpose is essential to the running of our business; it is what drives us forward and guides the decisions we make.**

The Board continues to engage with stakeholders both inside and outside the business, and our success and early participation in some of the most attractive industries provide insights into the key factors that influence the viability of investments in the future across our entire network.

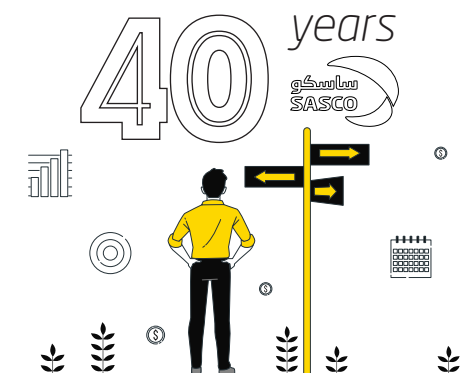
Our success is made possible due in part to our understanding of the importance of diversity in business and our focus on building a team of individuals with unique backgrounds, perspectives and experiences, while continuing our pursuit of being the market pioneers, continuously innovating and of making a purpose of a pragmatic approach to guide the transition toward more effective regional market integration.

Only by making these changes can we strengthen our business and do the best job, for our constant focus on growth and innovation has pushed boundaries and helped redefine business standards through our key offerings.

**We are completely transforming how consumers think about convenience**, and I am encouraged that we are already making good progress against our plan, making a number of bold strategic choices and adapting and simplifying how we do things. As we emerge from the past few years stronger and look forward, we recognize investors and stakeholders are increasingly focused on the sustainability of public companies, their operating and governance practices in a changing world, and ensuring that long-term value creation remains a discrete outcome, delivered in a socially and environmentally responsible manner.

**Together, we have taken a disciplined approach to growth** that has allowed us to acquire new skillsets and expertise, significantly increase our capabilities and capacity, diversify our markets, and expand our geographic reach. As we look back over 2022, we improved our performance quarter on quarter, preserved backlog supported by solid awards, maintained a strong balance sheet and delivered on earnings; achievements made possible because of the resolve of our employees, the support of our Board of Directors, and the trust of our shareholders. Amongst all the practices involved in running our business responsibly, paramount to SASCO sustaining its enduring advantage include the durability of our everyday business model, maintaining a strong bond of trust with our customers, and retaining, developing, and motivating a highly engaged workforce, where investments in their well-being have created a cultural advantage that is hard to replicate.

**Our success is as a result of the bond that employees of SASCO have built, coupled with a coming together of visions, and supported by the beloved leadership of our Country.** And in conclusion, and on behalf of my colleagues from the Board of Directors, I would like to extend my utmost gratitude and appreciation to the continuing trust of our shareholders and customers, our partners and the Government, all of whom have made this fantastic year possible. I wish everyone the greatest of success in their endeavours for the coming year. And in conclusion, and on behalf of my colleagues from the Board of Directors, I would like to extend my utmost gratitude and appreciation to the continuing trust of our shareholders and customers, our partners and the Government, all of whom have made this fantastic year possible.



*I wish everyone the greatest of success in their endeavours for the coming year.*

**Mr. Ibrahim  
Mohammed Al-Hadithi**  
Chairman SASCO

# Managing Director's Message



*For SASCO, 2022 has been a year characterized by increasing momentum.*

**Our end markets are strong, our project pipeline is robust, our people are best-in-class, and our vision and strategy are clear.**

As a result, we are well-positioned for continued revenue growth, improved profitability, and the creation of sustainable, long-term value for our shareholders, our customers, and our employees. We have positioned ourselves to take advantage of the vast project opportunities ahead of us, and we expect continued top-line growth as we move through 2023.

Our outperformance is underpinned by being resilient and adaptable. We have a long history of controlling our future by anticipating and adapting to

market changes, delivering a first-class customer experience and evolving our proposition to become a service-led business. This has been fundamental to our growth journey and sets us aside from our more transactional competitors.

This year, we completed the physical expansion of SASCO's position and presence, with the acquisition of 80% of Naft, at a cost of SAR 1.1 billion, who were previously a large competitor. This gave us significant expansion, with an additional 226 stations and 92 lorries, adding to the promise that SASCO will in time double capacity and improve speed and service in Saudi Arabia and will be more and more engaging with customers, and available to serve their needs.

We continually invest in our operating model to strengthen our expertise, advance our technological and digital capabilities, grow our product and service solutions capacity and improve our operating basics. As a result, we have maintained our experience in areas where we can widen our competitive differential further. We are actively engaged in initiatives that will allow for greater efficiencies and consistent, sustainable earnings. These initiatives include, among others, the implementation of an enterprise-wide quality management system and enhanced automation tools. We have developed internally automated gas stations with multiple payment solutions for our customers.

Control payment solution, offering payment by card or RFID chips located in fuel tanks of vehicles. This allows control of expenses and ensures the quality of services we offer, including improved business and project management processes and continued strong cash management.

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.

In doing so, quality is elevated to the same level as our industry-leading safety culture. This focus and investment in grade are a cornerstone to improving the performance of all aspects of our business. Our return on capital employed improved by nearly 14.95%. This was complimented by the increase in EBITDA, which reached SAR 306m in 2022, up from SAR 178m in 2021, amounting to a 71.91% increase year on year.

We continue to invest in our people through training and development and 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 service to our communities.

We are incredibly grateful to our employees for supporting our customers and their critical ongoing work at project sites across the country. I am incredibly proud of our employees and their resilience, dedication, and commitment to achieving our objectives this year, and I am equally grateful for the vision, guidance and support that we consistently get from the Government, the Board of Directors and the wider community.

Our success is a result of the culmination of all these factors, and I am really excited heading into 2023 as we continue to march forward as the market leaders in our industry.



*Our success is a result of the coming together of all of us, and I look forward to another exceptional year in 2023.*

**Mr. Sultan bin Mohammed Al-Hadithi**  
Managing Director SASCO

# CEO's Statement



*We are underpinning our historical performance as a sustainable business model with an enduring and growing advantage, thanks to the relentless improvement mindset of our leaders.*

**As a business, we have a deep understanding of our customers and the expertise of our team to help drive progress and sustainable growth.**

We expect to continue prioritizing efforts to reshape our portfolio by capitalizing on demand for SASCO's core assets, using proceeds to reduce leverage and fund actionable acquisition targets that meet our disciplined investment criteria.

Over the course of 2022, SASCO unlocked the embedded value within our portfolio through transformative ROI initiatives, including brand repositioning, expansions and adaptive reuse of both developed and undeveloped sites and properties. These have all impacted the way we work. Thanks to extensive planning and an agile response, we can ensure our customers' needs are met. Our constant focus on growth and innovation has pushed boundaries and helped redefine business standards through our key offerings. As a result, we are completely transforming how consumers think about fuel convenience stores.

Our success is made possible due in part to our understanding of the importance of diversity in business and our focus on building a team of individuals with unique backgrounds, perspectives and experiences, while continuing our pursuit of making a purpose of a pragmatic approach to guide the transition toward more effective regional market integration. With our innovative offerings, incorporating off-site services, we help our customers to get what they desire in the best way possible. 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. We expect these changes will not only help to soften the impact of the current business environment but, more importantly, prepare the organization for growth opportunities and provide broader services that will support a better margin profile for the enterprise in the long run.

Reflecting on our commitment to the communities, we have evolved our aim: to serve our customers and communi-

ties a little better daily. We delivered a robust operating performance, with fuel sales up 97% per cent, general grocery and retail sales up 20% per cent and other recorded activities sales up 15% per cent. The underlying profit before Zakat was 98.2 million SAR. We invested more than 1,039.4 million SAR in our frontline operations through acquisition and continuous development plans, including the purchase of 80% of Naft, significantly increasing our market share and key financial ratios.

This year has demonstrated the resilience of our supply chains and the strong partnerships we have built with suppliers, and an even stronger network of subsidiaries. Our growth index stepped forward during 2022 on top of exceptional growth last year. Key to delivering our customer value proposition, enhancing our fuel and merchandise pricing capabilities and systems, coupled with advanced data and market intelligence, helps ensure we price responsibly to win 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.

As a Company, SASCO will continue to focus on driving greater value for all stakeholders – doing the basics brilliantly, expanding and growing our subsidiaries and leveraging our many unique advantages across the Group to enhance competitiveness, accelerate growth and generate revenue. On this note, I would like to thank firstly our investors for the continued trust and loyalty in us, the Board of Directors for the unwavering support and finally my SASCO colleagues for their hard work and for never losing sight of our purpose and values.



*We look forward to another wonderful year in 2023.*

**Mr. Riyadh Saleh Al-Malik**  
Chief Executive Officer SASCO



# Board of Directors



## Mr. Ibrahim Mohammed Al-Hadithi

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

### Qualifications and Experience:

Businessman, high school diploma, more than 41 years of experience in the field of corporate management, 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 of the Board of Directors of Najmat Al-Madaen Group Company.
- Chairman of the Board of Directors of Ibrahim Mohammed Al-Hadithi Investment Company.
- Chairman of the Board of Directors of Mulkia Investment Company.
- Chairman of the Board of Directors of Zawaya Real Estate Company.
- Chairman of the Board of Directors of Balada Company for Specialized Commercial Complexes.
- Chairman of the Board of Directors of Akwan Real Estate Company.
- Chairman of the Board of Directors of the Naft Services Company.

### Previous Positions

- Vice Chairman of the Board of Directors of the Saudi Chambers of Commerce.
- Chairman of the Chamber of Commerce and Industry in Al-Kharj.
- Member of the local council of Al-Kharj Governorate.
- Member of the Board of Directors of Solidarity Company.
- Member of the Board of Directors of Nahaz Investment Company.

# Board of Directors (continued)



**Mr. Sultan bin Mohammed Al-Hadithi**

*Vice Chairman - Managing Director - Member of the Executive Committee*

**Qualifications and Experience:**

Bachelor of Accounting with honors from King Saud University, Master of Business Administration (MBA) from London Business School, held leadership positions in a number of public and private companies in the Kingdom of Saudi Arabia, has experience in corporate restructuring and strategic planning in addition to managing investments in securities, private equity and real estate investment, 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 of the Saudi Automotive and Equipment Services Company.
- Member of the Board of Directors of Najmat Al-Madaen Group Company.
- Vice Chairman of the Board of Directors of Zawaya Real Estate Company.
- Managing Director of Mulkia Investment Company.
- Member of the Board of Directors of Nahaz Investment Company.
- Member of the Board of Directors of Thakher Real Estate Development Company.
- Member of the Board of Directors of the Naft Services Company.

**Previous Positions**

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



**Mr. Nasser bin Abdullah Al-Aufi**

*Board Member*

**Qualifications and Experience:**

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

**Current Positions**

- Member of the Board of Directors and Chairman of the Audit Committee of United Cement Industrial Company.
- Member of the Board of Directors and member of the Audit Committee of Mekyal Financial Technologies Company.

**Previous Positions**

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



**Mr. Majid bin Mohammed Al-Othman**

*Member of the Board of Directors - Member of the Remuneration and Nominations Committee*

**Qualifications and Experience:**

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

**Current Positions**

- Vice Chairman and Managing Director of the Naft Services Company.
- Managing Director of Najmat Al Madaen Group.
- Member of the Board of Directors of Zawaya Real Estate Company.
- Member of the Board of Directors of Balada Company for Specialized Commercial Complexes.
- Vice Chairman of the Board of Directors of Ibrahim Mohammed Al-Hadithi Investment Company.
- Chairman of the Board of Directors of Najmat Projects Contracting Company.
- Chairman of the Board of Directors of Fun Gate Company.

**Previous Positions**

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



**Mr. Riyad Saleh Al-Malik**

*Board Member - Executive Committee Member - Chief Executive Officer*

**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 member of the Board of Directors of many companies.

**Current Positions**

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

**Previous Positions**

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



# Board of Directors (continued)



**Mr. 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 in the United States of America, 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, 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 Directors at Sanad Investment Company.

### Current Positions

- Vice Chairman of the Board of Directors of Sanad Investment Company.

### Previous Positions

- Assistant Director of the Political Affairs Department at the Royal Court.
- Management consultant at the Supreme Committee for Administrative Organization.



**Mr. Majid Nasser  
Al-Subaie**

*Board Member - Chairman of  
the Audit Committee*

### Qualifications and Experience:

Bachelor of Science in Economics from King Saud University, more than twenty 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

- CEO of Nasser bin Mohammed Al-Subaie & Sons Investment Company.
- Member of the Board of Directors of Riyadh Development Company.

### Previous Positions

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



**Mr. Sulaiman bin  
Abdulaziz Alzaben**

*Board Member - Member  
of the Remuneration and  
Nomination Committee*

### Qualifications and Experience:

Bachelor of Management Science in Accounting from King Saud University, Master of Risk Management from the University of Southampton, UK, Board Member in several joint stock companies, experience of more than 26 years in accounting, credit, risk management, insurance management and corporate governance, policy and strategy formulation, project management and management of operations of the International Banking Group.

### Current Positions

- Member of the Board of Directors of Maharah Human Resources Company.
- Member of the Nomination and Remuneration Committee of Maharah Human Resources Company.

### Previous Positions

- Undersecretary of the Ministry of Social Development.
- CEO of Deutsche Gulf Finance.
- Advisor to the Minister of Labour.
- Chief Executive Officer of Al Rajhi Bank.
- General Manager of International Banking and Deputy CEO of Al Rajhi Bank in Jordan



**Mr. Yousef bin  
Hamad Al-Yousifi**

*Board Member*

### 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

- CEO and Board Member of Jawa Financial Company.
- Member of the Board of Directors of The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF).
- Member of the Board of Directors of the Saudi Post Organization.
- Member of the Board of Directors of the General Organization for Postal and Logistics Services (SPL).
- Member of the Board of Directors of Saudi Airlines Catering Company.

### Previous Positions

- Member of the Board of Directors of Saudi Fransi Capital.
- Member of the Board of Directors of Leejam Sports Company.
- Investment Manager at the Saudi Technology Investment Development Company.
- Energy Sector Analyst at Passport Capital.
- Advisor to the King Abdullah Petroleum Studies and Research Center.
- Associate Officer in the Private Property Department of Jadwa Investment.
- Consultant to the company (BOOZ & CO).
- Oilfield Engineer at Schlumberger.
- Telecommunications Engineer at Saudi Aramco.

# Executive Managers



**Mr. Riyadh Saleh Al-Malik**

*Board Member - Executive Committee Member - Chief Executive Officer*

## 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 member of the Board of Directors of many companies.

### Current Positions

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

### Previous Positions

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



**Mr. Islam Mohamed Khairy Ahmed**

*Chief Financial Officer*

## Qualifications and Experience:

Bachelor of Accounting from Ain Shams University, Egypt, Chief Financial Officer for more than eleven years with 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 of Saudi Automotive Services Company (SASCO).

### Previous Positions

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



**Mr. Mohammed Abu Saree Al-Deeb**

*General Manager of Ostool Transportation Company (subsidiary)*

## Qualifications and Experience:

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

### Current Positions

- General Manager of Ostool Transportation Company (subsidiary)

### Previous Positions

- Director of Internal Control at Tas'heel Marketing Company
- General Manager of Ayedh Bin Dajam Transport Company.
- Executive Director of Transportation Company (subsidiary)



**Mr. Saud Sulaiman Al-Otaibi**

*Chief Operating Officer*

## Qualifications and Experience:

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

### Current Positions

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

### Previous Positions

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

# STRATEGIC REPORT

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# Market Overview & Vision 2030

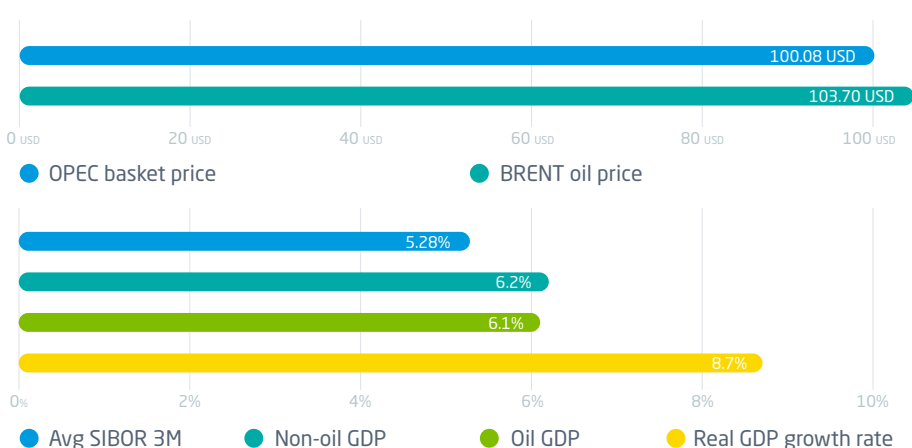


Saudi Arabia is dedicated to implementing comprehensive reforms to diversify the economy, promote a more open and connected society, and create a transparent, efficient, and accountable government through the Vision 2030 plan.



**Thanks to the elevated oil prices in 2022, the advancements achieved through Vision 2030 played a significant role in enabling the country to bounce back from the global economic impact of the pandemic. The Kingdom now offers numerous opportunities, thanks to efforts to increase private sector involvement in the economy.**

GDP GROWTH 2022



The growth of Saudi Arabia's economy in 2022 was primarily driven by a significant increase in both its oil and non-oil sectors. The oil sector experienced a 15.4% rise in activities, contributing to overall GDP growth of 8.7%.

Saudi Arabia, the world's largest oil exporter, benefited from the rally in crude prices in 2022, which was driven by a 10% increase in Brent, the global benchmark for two-thirds of the world's oil. Brent reached a 14-year high of nearly \$140 per barrel in March 2022 after the start of Russia's military offensive in Ukraine.

**According to preliminary estimates, Saudi Arabia's GDP growth is expected to reach 3.1% in 2023, with inflation at 2.1%. The average annual inflation rate in 2022 was 2.5%, one of the lowest among the G20 nations.**

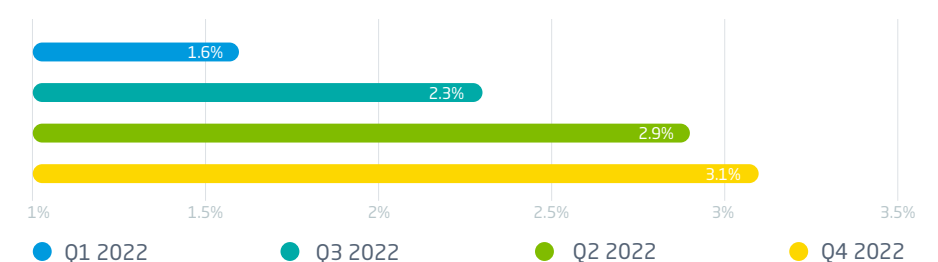
The unemployment rate in Saudi Arabia slightly increased to 9.9% in Q3 2022, up from 9.7% in Q2 2022. Despite this increase, it still represented a significant decline from the 11.3% unemployment rate in Q3 of the previous year. The country's unemployment rate continues to decline while female labour force participation continues to grow. The share of women in labour already exceeds the Vision 2030 target. However, the supply of specialist talent will need to keep up with increasing demand. This could have wide-ranging long-run implications, including higher labour costs.

## Operating Environment

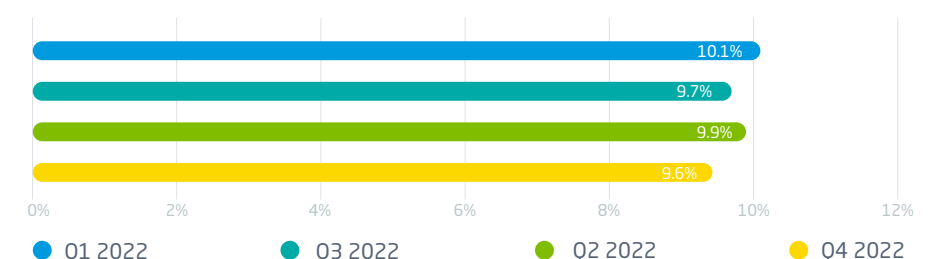
SASCO strives to align with local and national leadership mandates and directives relevant to its business operations. By working towards achieving these common goals, SASCO joins the effort to create a more sustainable future for generations to come. The Company operates in a sector that requires adaptation to the constantly changing workforce and customer behaviour. To keep up with these changes, SASCO is embracing digital technology to transform its business model and generate new sources of revenue and value. The Group continues to invest in technology that will enhance the customer experience - expanding current activities and services and offering new products and facilities to complement existing ones. SASCO is planning to capitalise on technology solutions and big data to communicate more with customers and offer innovative and convenient services. Grow a network of stations, retail stores and transportation fleet.

The growth of oil production is contingent on avoiding a global recession. The Kingdom's domestic activity is expected to continue to grow briskly as investment increases and labour force participation expands. These drivers are expected to remain in place for some time, leading to substantial real increases in per capita income in the medium term.

INTEREST RATES VS INFLATION INFOGRAPHIC



UNEMPLOYMENT CHART INFOGRAPHIC



With Vision 2030's focus on tourism and quality of life, the Group strives to offer exceptional services regarding 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 work towards vertical and horizontal integration to serve its stakeholders effectively.

The Company is well-positioned to grow its earnings amid the economic recovery and driven by expansion in the domestic market. At the same time, it continues to explore new opportunities to accelerate growth.



# SASCO Operational Review

For 40 years, SASCO has been a leading petrol forecourt convenience operator.

**The business has an established pedigree of delivering excellent fuel services, food and beverage outlets, grocery merchandise, automotive services, equipment, rest houses, and motels along the Kingdom's highways and road networks.**

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's brands enables it to drive value and efficiency. The Company is raising ambitions and accelerating the pace of change, simplifying operations and accelerating cost-saving programmes, facilitating investments more in quality, choice, and innovation and consistently lower prices for its customers. The portfolio brands support the core business, serving customers and shareholders in their own right. The Company will pursue partnerships or outsource where more efficient, and where they will make a greater impact on the customers. By simplifying and constantly looking to reduce retail operating costs to focus on robust profit delivery and consistent, dependable cash flow. The Company is making early progress against the strategy plan, building on a year in which organic sales grew by 93%, and volume market share grew to 5% as a result of performance which was complemented by the acquisition of 80% of Naft. The Group is investing in value and has improved its price relative to competitors on the products that matter to customers, recording a good customer response and driving more substantial financial outcomes.

Reflecting on the strategy to flex the size and format of the Company stores to suit local needs, SASCO has been selective in introducing new entry sites under its owned brands.

The Company is making good progress transforming SASCO, focusing on improving customer availability while reducing costs, reinforcing the role of portfolio brands to ensure that they contribute positively and delivering a step change in efficiency by transforming the approach to costs, simplifying the organisation and delivering a structural reduction in operating cost base. The Company is accelerating new opportunities to fund the improvement of offerings and ensure customer growth across a broad range of channels. The Company delivers value to its guests through a differentiated service assortment optimally placed, priced and promoted to drive traffic, revenue and profit. At SASCO, the practice continually adds to the Company's service line, especially with higher gross profit margins and improved offerings.

Over the course of 2022, SASCO refreshed its purpose to reflect how it serves local communities and on continued commitment to customers in every part of the Group. In January 2022, the Company unveiled an updated, long-term strategic plan centred around four strategic objectives: reinvent hospitality and the guest experience; be where the guest is; best-in-class efficiencies; and invest in people and culture. At the same time, the Company has invested and will continue to invest significant resources in the team and planning, development, project management, and implementation of the strategy. Furthermore, the intended results are expected to be realised within the anticipated timeframes.

## SASCO CULTURE



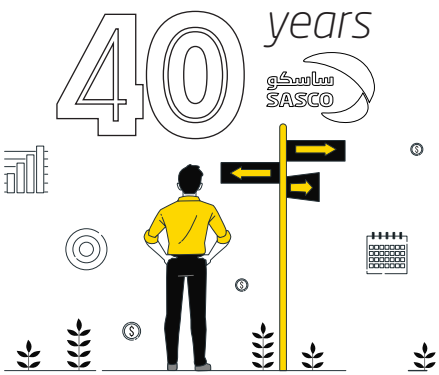
At SASCO, the underpinned values are moving towards an inclusive culture, driving growth, nurturing innovation, and inspiring the great experiences the Company creates for team members and the people the Company serves. Service culture encourages each team member to be responsive and respectful and deliver great experiences to guests, partners, communities and each other. As a leader in hospitality, SASCO recognises the critical role that service plays for the Company on premises with core values - integrity, accountability, inclusiveness, caring and fun - and is embedded and celebrated at all levels within the organisation.

### Pursuing Growth and Diversification through Prudent Capital Allocation

The Company intends to leverage scale, liquidity and transaction expertise to create value throughout all phases of the lodging cycle through opportunistic acquisitions and dispositions, enabling it to diversify its portfolio further.

### Maintaining a Strong and Flexible Balance Sheet

SASCO's Management intends to maintain a strong and flexible balance sheet. By focusing on maintaining sufficient liquidity with minimal short-term maturities and the intent to have a mix of debt that will provide the flexibility to prepay debt when desired, dispose of assets, pursue value enhancement strategies within the existing portfolio, and support acquisition activity.



# Operations Sector

*The total number of operational SASCO sites reached **500** by the end of 2022, compared to 260 at the end of 2021.*

The Operations sector continued to provide its excellent services through all SASCO locations. The total number of operational SASCO sites reached 500 by the end of 2022, compared to 260 at the end of 2021. The number of operating sites thus increased by 274 in total after returning 34 of the leased sites to their owners. Furthermore, the Company is pursuing the establishment of new sites and the development of other existing sites. The Company's current implementation strategy is designed to selectively establish fuel

stations in strategic locations within the Company's footprint where higher demand levels are seen. During the fiscal year, SASCO acquired 80% of Naft, an existing fuel services provider with a total network of 226 service stations.

Through its acquisitions and continuing partnerships, the Operations sector continued to provide high-quality integrated services to all customers to increase customer satisfaction and loyalty. Consumer demand within the Company footprint has reached

higher levels along the highways. An important part of the growth strategy has been to lease properties to build stations on, and, in other instances, set up convenience stores that complement geographic presence. Additionally, the Company regularly has land held for development, land under construction for new stations, and land held for sale due to store closures. The management believes that the resilient business model, SASCO's brand strength, and a strong balance sheet will effectively navigate the unforeseen shortcomings.

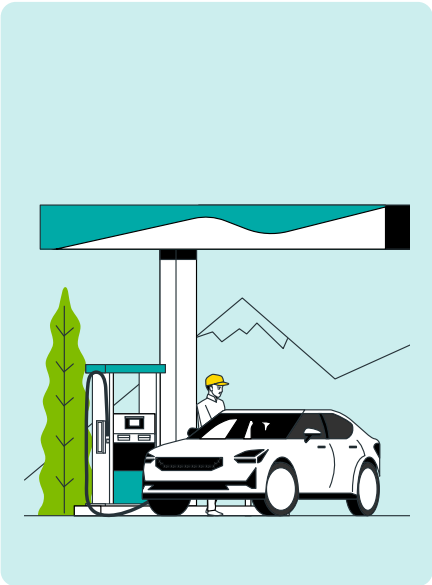
The Company now has 500 operational stations and continues to grow across Saudi Arabia. SASCO is expecting to continue pursuing acquisition opportunities with operational excellence through active asset management and is focused on continually improving each site's operating performance and profitability through proactive asset management efforts. SASCO continues to identify revenue-enhancement opportunities and drive cost efficiencies to maximize each property's operating performance, cash flow and value.

During 2022, the operations sector provided its services to approximately 66 million vehicles, with an increase of 88.6% from the previous year and 325 million customers, an increase of 81.5% from the prior year.

The Group consistently delivers superior risk-adjusted returns to stakeholders through active asset management and a thoughtful external growth strategy while maintaining a strong and flexible balance sheet.

**The operations sector manages all fuel stations in the Kingdom and offers the following services:**

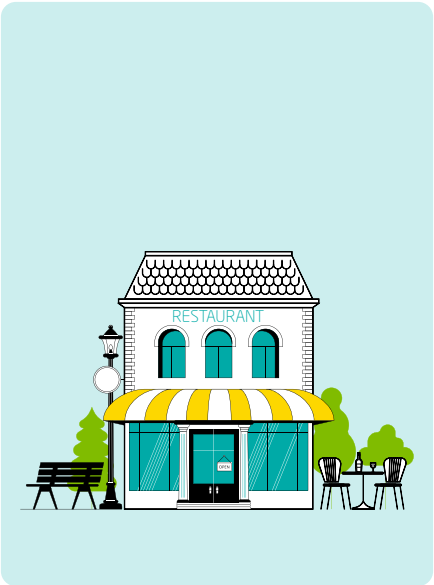
provided services in 2022  
**66 MILLION**  
vehicles



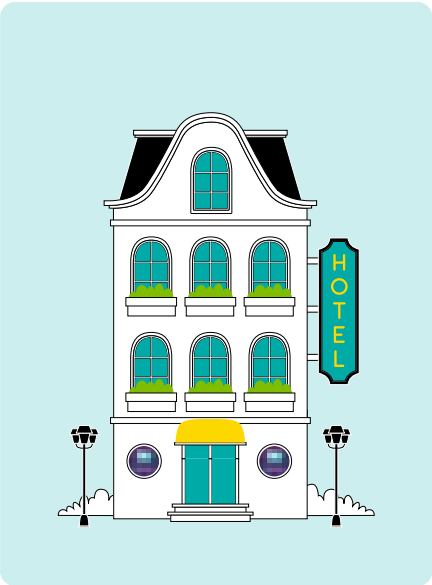
FUEL SERVICES



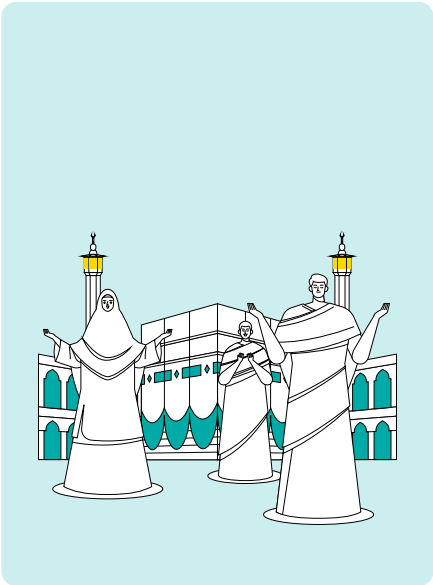
LEASE SECTOR



RESTAURANT SERVICES



ACCOMMODATION SERVICES



PILGRIMS' SERVICES



# Operations Sector (continued)

## FUEL SERVICES

*The Company's goal is to provide customers with quality fuel at a fair and honest price. Establishment and operation of fuel stations dedicated to service motor vehicles and travellers within cities and on main inter-city roads, in addition to retail and direct delivery of fuel services to customers.*

SASCO stations provide fuel from domestic Saudi Aramco refineries, giving the ability to stand behind a superior product. What sets the Company's fuel apart is the commitment to delivering top-tier fuel at all SASCO stores. The Company is well-positioned to navigate any potential future fuel price volatility. Saudi Aramco announced in February 2020 the amendment of the period of periodic review of fuel prices from quarterly to monthly starting from February 2020. The amendment will be on the tenth day of each calendar month, and the application will be on the morning of the eleventh day, according to the governance procedures of price adjustment of energy and water products, noting that domestic gasoline prices are subject to change according to changes in export prices from the Kingdom to global markets. Regarding sites inside and outside the cities, fuel prices change as per the official fuel sale price in the cities and provinces where Aramco's warehouses are located and within a 50 km radius of these warehouses.

impacted litres sold as the Company operates 240 more stores than the prior year with increasing store traffic. SASCO continues to drive growth in top and bottom-line figures and has been instrumental in sustaining top-line growth. In contrast, the Company has invested and will continue to invest a significant amount of resources in upgrading its fuel dispensers to accept electric vehicles.

**Financial conditions and operations have resulted from increased volume and consumption levels and positively affect unit volume and revenues, gross profit, and overall guest traffic**, which positively impacts SASCO's business, financial condition and overall results of operations. SASCO continued to implement its project to automate fuel pumps and tanks, use smart cards, the RFID system, and the control program, and continuously develop payment methods. In addition, the Company is accelerating the integration of the pilot mobile stations project to provide fuel services for clients at SASCO sites by creating an operating model over the next three years and delivering capital benefits.

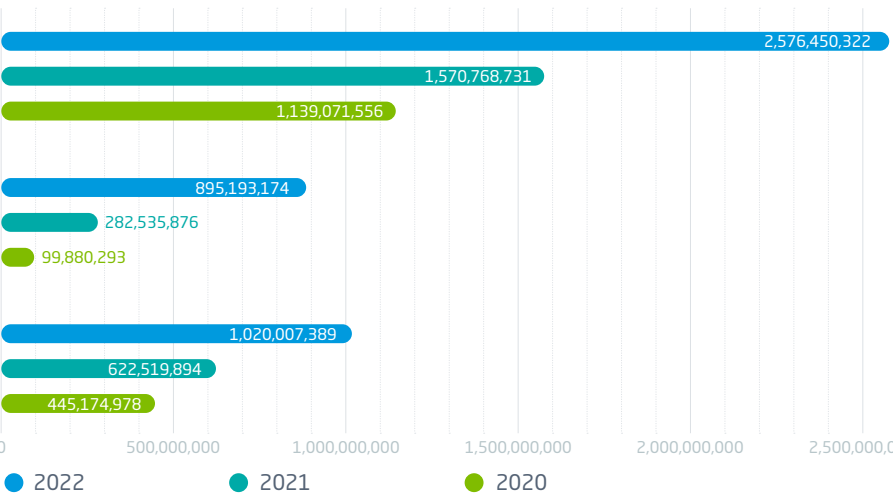
**The total number of litres sold during 2022 increased by 81.42%.**  
A growing store count positively

NUMBER OF LITERS SOLD, SASCO & NAFT

**FUEL 91**  
Percentage of change: 64.02%

**FUEL 95**  
Percentage of change: 216.48%

**DIESEL**  
Percentage of change: 63.85%



# Operations Sector (continued)

## LEASE SECTOR

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 travellers - to third parties to manage.

SASCO has continued to sign strategic partnership agreements with numer-

ous 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.

## RESTAURANT SERVICES

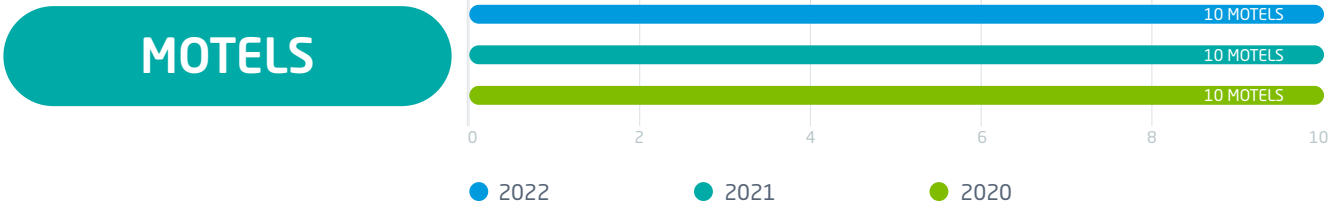
The SASCO strategy aims, as a priority, to attract top companies specialized in restaurant management to run SASCO facilities, thus decreasing the number of restaurants managed by SASCO to improve service, provide a unique experience, and achieve a paradigm shift to enhance customer satisfaction, distinguish SASCO as a pioneer in the restaurant management field, and further advance and develop the

restaurant services, rest houses, and station restaurants sector in KSA. In line with the Company's strategy, SASCO has concluded several agreements with international and local restaurant services companies 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.

## ACCOMMODATION SERVICES

Following the Company's strategy, the management of the motels across the Kingdom was transferred from SASCO

Al-Waha Co. to fall under the Operations Department for more management efficiency.

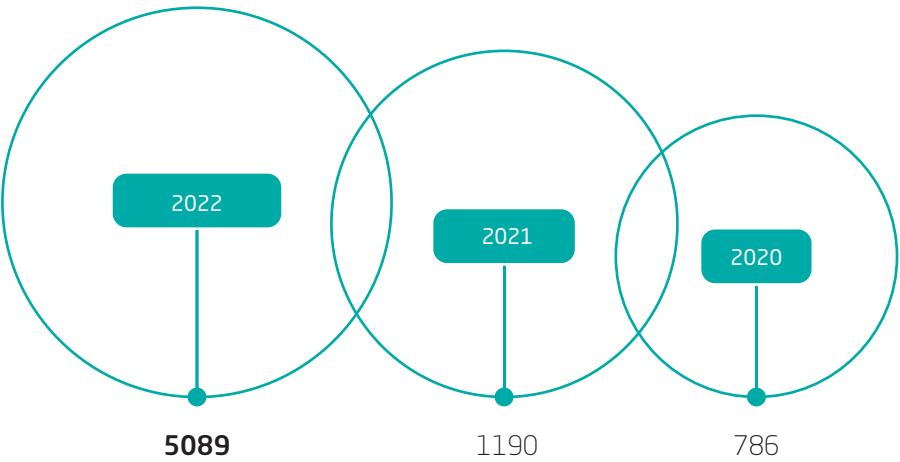


# Operations Sector (continued)

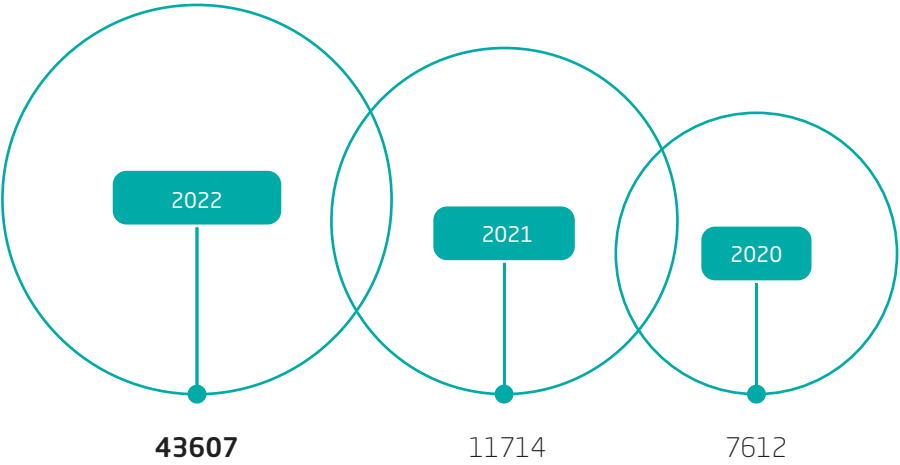
## PILGRIMS' SERVICES

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.

Number of vehicles



Number of people



The most prominent SASCO stations and rest houses are located along the following highways:

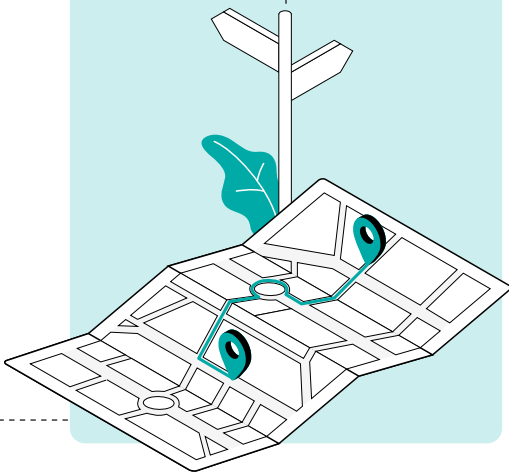
*Al-Hijra Road  
(Mecca/Medina)*

*Mecca Highway*

*Taif highway*

*Riyadh/  
Dammam Road*

*Halat Amar/Tabuk/  
Medina Road*



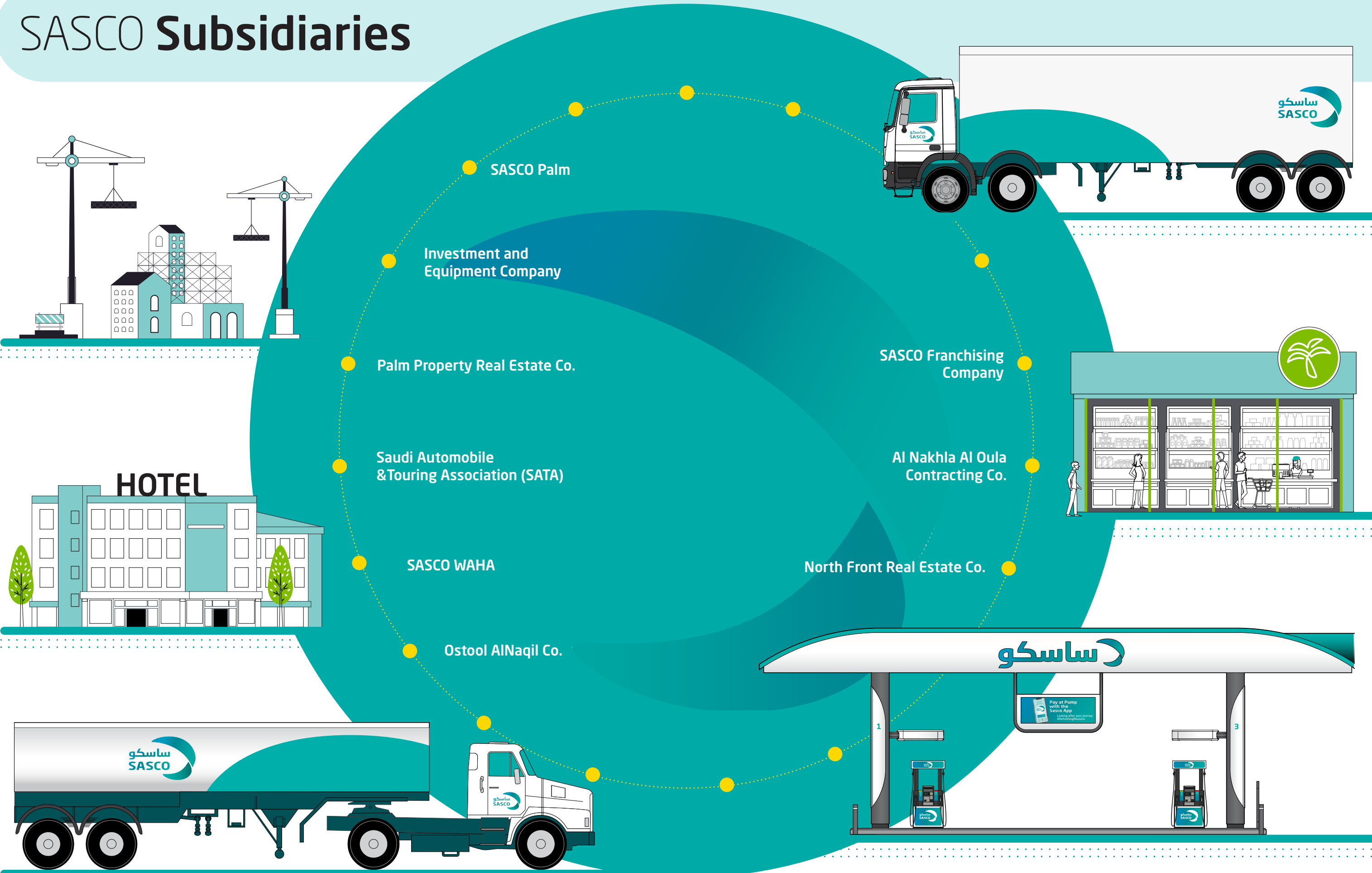
	2022	2021
DIRECT REVENUES	7.628.231.656	3.876.234.371
PERCENTAGE OF CONTRIBUTION	97,15%	95.44%
DIRECT COSTS	(7.385.503.918)	(3.725.895.775)
TOTAL INCOME	242.727.738	150.338.596
PERCENTAGE OF CONTRIBUTION	89,18%	94,38%

	2022	2021
OPERATIONAL REVENUES	7.628.231.656	3.876.234.371
OPERATIONAL COSTS	(7.385.503.918)	(3.725.895.775)
TOTAL INCOME	242.727.738	150.338.596

	2022	2021
CENTRAL PROVINCE	2.016.862.146	1.272.928.848
NORTHERN PROVINCE	1.127.318.325	330.370.420
EASTERN PROVINCE	1.080.313.043	660.401.135
WESTERN PROVINCE	2.388.361.777	1.139.209.608
SOUTH PROVINCE	706.392.088	281.159.829
QASSIM PROVINCE	308.984.276	192.164.530
TOTAL	7.628.231.656	3.876.234.371

	2022 (%)	2021 (%)
CENTRAL PROVINCE	26,44%	32.84%
NORTHERN PROVINCE	14,78%	8.52%
EASTERN PROVINCE	14,16%	17.04%
WESTERN PROVINCE	31,31%	29.39%
SOUTH PROVINCE	9,26%	7.25%
QASSIM PROVINCE	4,05%	4.96%
TOTAL	100,00%	100%

# SASCO Subsidiaries



# SASCO Subsidiaries (continued)



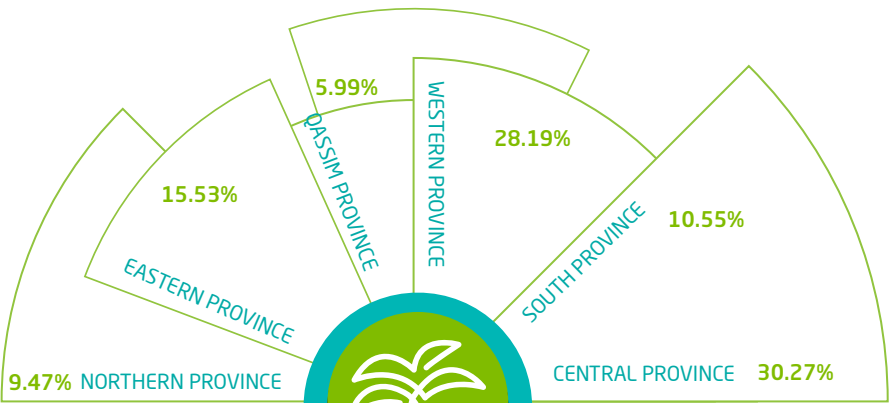
## SASCO PALM CO.

By the end of 2022, SASCO Palm Convenience Stores branches reached 91 with an average basket spend of SAR20.55 in 2022.

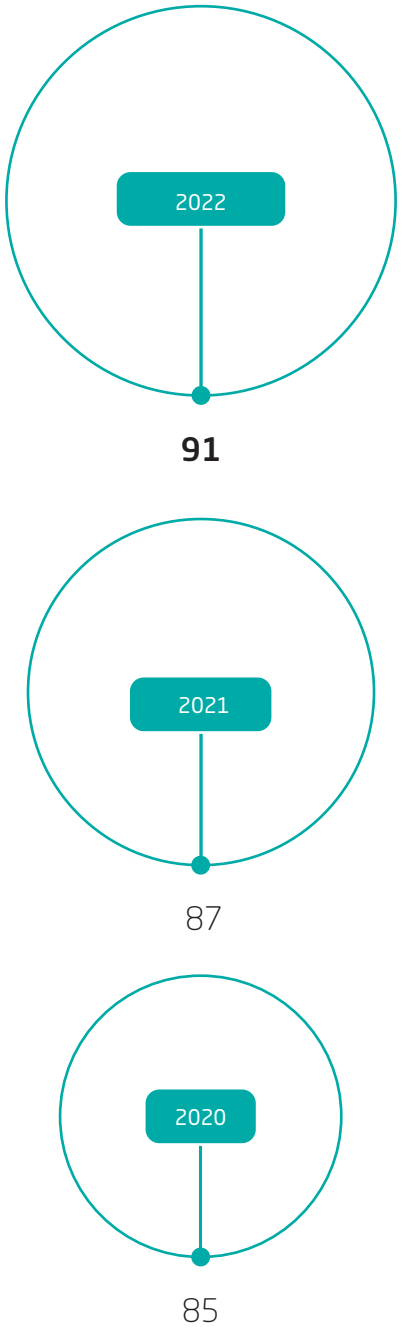
SASCO Palm Co. also obtained exclusive franchise rights from Wayne's Coffee International, opening 10 additional new branches to date under the Company's brand identity. SASCO Palm Convenience Stores operates under retail management and retail outlets' day-to-day activities, focused on the sale of goods and services to customers with activities including the import and sale of food, drinks, refreshments, equipment, coffee, hot drinks, sandwiches, baked goods, vegetables, fresh fruits, toys of all kinds (except toy guns), travel supplies, clothes, household utensils, tools, electronics, mobile accessories, mobile devices, perfumes, cosmetics, and automotive supplies, with a breakdown of locations as follows; 500 company-operated sites, 29 highway locations, and 54 in city sites. In addition, the Company considers long-term contracts more favourable than short-term ones. SASCO

Palm Co. stores typically carry over the selection of a blend of differentiated private label products, as well as favoured national and regional brands, many of which can be found in larger format stores. The growth in the prepared food program reflects the Company's strategy to promote high-margin products that are compatible with convenience store operations.

Working closely with suppliers and planning to launch 1183 new products and update in the next 12 months, SASCO Palm Convenience subsidiaries are increasingly profitable. In-store pick rates are now back to pre-pandemic levels, and the Company is proud of its strong relationships with suppliers and is working closely with them to drive value and simplify processes.



### SASCO Palm Co Branches



	2022	2021
DIRECT REVENUE	224,867,780	186,862,966
PERCENTAGE OF CONTRIBUTION (TO REVENUES)	2.86%	4.60%
DIRECT COSTS	(217,740,631)	(194,725,991)
TOTAL INCOME	7,127,150	(7,863,024)
PERCENTAGE OF CONTRIBUTION (TO INCOME MARGIN)	2.62%	(4.94%)

	2022	2021
OPERATIONAL REVENUES	224,867,780	186,862,966
OPERATIONAL COSTS	(217,740,631)	(194,725,991)
TOTAL INCOME	7,127,150	(7,863,024)

	2022	2021
CENTRAL PROVINCE	137,799,762	126,143,970
NORTHERN PROVINCE	16,270,159	9,816,641
EASTERN PROVINCE	27,157,890	20,741,380
WESTERN PROVINCE	37,719,717	25,842,534
SOUTH PROVINCE	5,920,253	4,318,441
TOTAL	224,867,780	186,862,966

	2022 (%)	2021 (%)
CENTRAL PROVINCE	61.28%	67.51%
NORTHERN PROVINCE	7.24%	5.25%
EASTERN PROVINCE	12.08%	11.10%
WESTERN PROVINCE	16.77%	13.83%
SOUTH PROVINCE	2.63%	2.31%
TOTAL	100.00%	100.00%



# SASCO Subsidiaries (continued)



## SASCO AL-WAHA CO.

SASCO Al-Waha Co. manages all SASCO motels across different sites in the Kingdom. Through its set strategy, the Company aims to improve and develop these motels so that they become known under the brand and trademark "Al-Waha Motel". In 2022, with a view to providing better and improved management, the Company's motel management responsi-

bility was transferred to the Operations Department to improve follow-up while keeping the Super 8 Hotel on Thumama Road in Riyadh under SASCO Al-Waha Co.'s management, keeping the Super 8 Hotel on Thumama Road in Riyadh and the Airport Hotel, after its establishment on King Salman Road in Riyadh under SASCO Al-Waha Co.

	2022	2021
DIRECT REVENUE	<b>2,502,621</b>	3,694,125
PERCENTAGE OF CONTRIBUTION (TO REVENUES)	<b>0.03%</b>	0.09%
DIRECT COSTS	<b>(3,050,972)</b>	(4,593,745)
TOTAL INCOME	<b>(548,351)</b>	(899,620)
PERCENTAGE OF CONTRIBUTION (TO INCOME MARGIN)	<b>(0.20%)</b>	(0.59%)

	2022	2021
OPERATIONAL REVENUES	<b>2,502,621</b>	3,694,125
OPERATIONAL COSTS	<b>(3,050,972)</b>	(4,593,745)
TOTAL INCOME	<b>(548,351)</b>	(899,620)



## OSTOOL AL-NAQEL CO.

Through its growing fleet, Ostool Al Naqel Co. provides transportation services of fuel, water, and wastewater to SASCO sites, as well as the transportation of fuel to several major retail and distribution companies, allowing the Company to acquire an additional market share. The product and service lineup includes the transportation and sale of petroleum products and their derivatives, including kerosene, gasoline, diesel, natural gas, lubricants, liquid and dry chemical materials, sand, gravel, asphalt and building materials, in addition to vehicles and passenger transportation, the opening of branches for

car and public rental, transportation of equipment and goods for a fee on land routes inside and outside the Kingdom, transportation of water and sewerage, truck and trailer lease to third parties, and the provision of advertising services on tankers and vehicles. The Company boosted its fleet, increasing its fleet size to 209 tankers and 212 trailers by the end of 2022, compared to 172 tankers and 160 trailers at the end of 2021. Ostool Al Naqel Co. also expanded its activities to include dry transport using refrigerators and containers designed to transfer all types of cargo.

The Company imports and exports automobiles of all kinds for the Company's business to trade them after obtaining the approval of the competent authorities. The import and sale complement this, and the distribution of spare parts, automotive hardware, and equipment to provide the best maintenance and repair services for vehicles to meet the needs

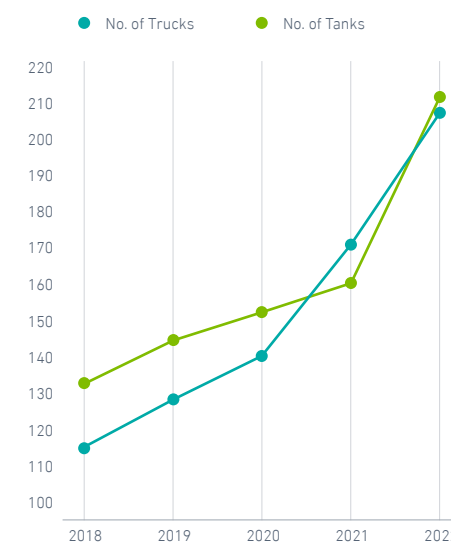
of maintenance operations in repair shops and service stations, selling them directly to the public. As the Company looks towards the future, it will continue with its growth strategy and vision to add trucks to its fleet to continue its expansion plans for providing transportation services to third parties.

Some additional services include:

- Manufacture, re-manufacture, and refurbish auto parts, equipment, and car batteries after obtaining the necessary licenses from the competent authorities.
- Manufacture of light and heavy trailers, refrigerated and non-refrigerated truck bodies, and tank trucks of all kinds after obtaining the necessary licenses from competent authorities.
- Submission of contracting tenders for vehicle and equipment maintenance for individuals, companies, and institutions.

Ostool Al Naqel Co. transport vehicles travelled more than 23 million kilometres throughout 2022 to deliver goods to customers. This distance came at a 16% increase from the 3.2 million kilometres travelled by company transport vehicles in 2021.

Fleet Size Infographic



	2022	2021
DIRECT REVENUE	<b>45,227,352</b>	38,178,928
PERCENTAGE OF CONTRIBUTION (TO REVENUES)	<b>0.58%</b>	0.94%
DIRECT COSTS	<b>(34,681,753)</b>	(28,879,020)
TOTAL INCOME	<b>10,545,599</b>	9,299,908
PERCENTAGE OF CONTRIBUTION (TO INCOME MARGIN)	<b>3.87%</b>	5.84%

	2022	2021
OPERATIONAL REVENUES	<b>45,227,352</b>	38,178,928
OPERATIONAL COSTS	<b>(34,681,753)</b>	(28,879,020)
TOTAL INCOME	<b>10,545,599</b>	9,299,908



# SASCO Subsidiaries (continued)



## SATA

The Saudi Automobile and Touring Association has a license from the Federation Internationale de l'Automobile (International Automobile Federation) to issue Customs Transit (Triptik) books. SATA operates through several sales outlets across the Kingdom and has established a network of agents and distributors in Saudi who provide services in compliance with international conditions, specifications, and performance standards.

SATA is authorised to issue the AIT/FIA customs documents (CPD), which are internationally recognised and accepted. The Company is also an active member of the International Road Transport

Union (IRU), an international body for the TIR System (International Road Transport System). SATA offers different services, including TIR, a new product that helps transporters cross borders, helping them reduce the time of shipments to other countries. SASCO is the only Company that offers this service, helping in terms of the supply chain for the transit of goods and products.

SATA is authorised to act as the KSA's TIR Carnet issuing and guaranteeing association. CPD (Trip Ticket) grants temporary admission without payment of customs duty to vehicles registered in Saudi Arabia when travelling to other countries temporarily.

### The essential services provided by the Saudi Automobile and Touring Association are:

Issuing Customs Transit (Triptik) books

Issuing international driving permits (IDP)

Issuing International Road Transport carnets (TIR, Transports Internationaux Routiers)

Organising sports activities for cars and motorbikes and establishing, operating and managing racetracks for all categories.

The number of travellers who benefited from Customs Transit (Triptik) books issued by SATA in 2022 reached more than 11,000 and 40,470 travellers who sought SATA to obtain

international driving permits. SATA is dedicated to developing its service provisions and looks forward to continued, sustainable growth.

### Financial results for the Saudi Automobile and Touring Association (SATA)

	2022	2021
DIRECT REVENUE	11,097,142	8,508,847
PERCENTAGE OF CONTRIBUTION (TO REVENUES)	0,14%	0,21%
DIRECT COSTS	(6,911,982)	(5,928,422)
TOTAL INCOME	4,185,160	2,580,425
PERCENTAGE OF CONTRIBUTION (TO INCOME MARGIN)	1,54%	1,70%

### Saudi Automobile and Touring Association

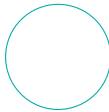
	2022	2021
OPERATIONAL REVENUES	11,097,142	8,508,847
OPERATIONAL COSTS	(6,911,982)	(5,928,422)
TOTAL INCOME	4,185,160	2,580,425

### SATA Sales as per license Type

	2022		2021	
INTERNATIONAL TRIPTIK	4.564.419	41%	3.309.268	39%
INTERNATIONAL LICENSES	2.566.606	23%	1.153.108	14%
TIR	1.169.457	11%	-	0%
SUDAN TRIPTIK	2.796.660	25%	4.046.471	48%
TOTAL	11.097.142	100%	8.508.847	100%



# SASCO Subsidiaries (continued)



## AUTO AND EQUIPMENT INVESTMENT CO.

The Auto and Equipment Investment Co. is a limited liability company with a capital of SAR 500,000 divided into 50,000 equal cash shares of SAR 10 each. SASCO owns 100% of the capital. 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's sources of income and enable it to manage its operational and investment processes efficiently and effectively.

The most important activities carried out by the Auto and Equipment Investment Co. are the following:

Trade

Manufacturing

Construction and building.

Business and financial services and other services.

Possession of lands and real estate and construction of buildings on these properties for operation, sale, or lease.

Establishing car and heavy equipment maintenance workshops, car service stations, and passenger service centres.

Establishing rest houses, motels, and restaurants.

Import and sales of equipment and tools, as well as the construction of roads and bridges.

The Auto and Equipment Investment Co. also holds shares in other companies. The following table provides the details of these investments:

The Auto and Equipment Investment Co. owns 1% of capital shares in each of SASCO Franchise Co. and Al-Nakhla Al-Oula Co.



Company name	No. of shares	Nominal value per share	Total	% of ownership
MIDDLE EAST BATTERY COMPANY (MEBCO)	1,279	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%
TOTAL			8,979,250	

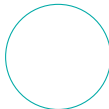
### Profit Distributions from Investment

	2022	2021
COMPANIES INVESTMENTS	2,373,600	5,116,000
SECURITIES INVESTMENTS	1,255,014	1,316,885

### Investment Portfolios

Company name	Amount Allocated for Investment	Investment Amount as of 31/12/2022	Accounting of Investment
HSBC SAUDI ARABIA (ARAMCO)	29,946,208 SAR	-	Available-for-sale securities
HSBC SAUDI ARABIA (STC SOLUTIONS)	411,777 SAR	-	Available-for-sale securities
HSBC SAUDI ARABIA (ACWA POWER)	220.080 SAR	-	Available-for-sale securities
THE POWER AND WATER UTILITY COMPANY FOR JUBAIL AND YANBU	-	317,676	Available-for-sale securities

# SASCO Subsidiaries (continued)



## AL-NAKHLA AL-OULA CONTRACTING CO.

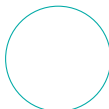
Al-Nakhla Al-Oula Contracting Co. cooperates with contractors and competent authorities to develop and oversee several SASCO sites. The Company provides operation, maintenance, and cleaning services for SASCO sites to improve customer service quality. Al-Nakhla Al-Oula Co. specialises in:

- General contracting for buildings (construction, repair, demolition, and restoration/ renovation).
- Constructing, managing, maintaining, and operating residential and commercial buildings.

- Road works.
- The Company also supervises the construction and development of some stations established and developed by the owners.

Al-Nakhla Al-Oula Co. continues to invest great efforts in establishing and developing different SASCO sites and is proud to have developed the now open, new Headquarters of SASCO, located on Khurais Road in the King Abdullah district of Riyadh.

	2022	2021
DIRECT REVENUE	11.663.000	11.001.352
PERCENTAGE OF CONTRIBUTION (TO REVENUES)	0,15%	0,27%
DIRECT COSTS	( 3.763.696)	(5.190.970)
TOTAL INCOME	7.899.303	5.810.382
PERCENTAGE OF CONTRIBUTION (TO INCOME MARGIN)	2,90%	3,65%



## PALM PROPERTY REAL ESTATE CO.

Palm Property 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. Palm Property Real Estate Co. has not started its effective operations to date.



## 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 and trademarked "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, increase its revenues and profitability, and create real opportunities for citizens to take part in leading projects in line with the Kingdom's vision and direction.

Granting franchises to third parties also falls within the framework of SASCO's strategic policies, with the provision of marketing services to third parties and granting franchises to third parties.

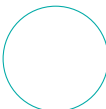
SASCO has granted a limited, non-exclusive license to use brand names,

marks and systems; as a franchisor, the Company provides various services and benefits, including centralised systems, advertising and marketing programs designed to increase brand awareness, as well as training of personnel.

In addition, the franchise agreements specify operational, record-keeping, accounting, reporting, marketing standards and compliance procedures to promote consistency across the brand by outlining standards for services, products, signage, fixtures and equipment, among other things, building a distinctive brand for the services provided by the Company on its sites.

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 Acquisition

In April 2022, SASCO acquired 80% of NAFT Services Company Ltd. as part of the Company's expansion strategy, increasing its market share and enhancing its spread and distinguished network of stations.

During the year, the Company saw significant growth, with an increase in the number of gas stations from 220 to 236 by the end of the year.

The growth opportunities also increased after the acquisition, as SASCO and Naft work together to acquire a larger market share in B2B and B2C markets and government projects.

To meet the growing demand for fuel sales after the impact of COVID-19 began to decrease, the Company faced a major challenge and took several strategic decisions. One of these decisions was to increase Aramco Fuel supply

of natural gas liquids (NGLs) by almost three times.

In 2022, the Company focused on expanding its station network in the Southern region and successfully acquired a significant number of stations in a short time.

The Company established a 24/7 hotline with a unified number, managed by its customer service department, to provide continuous customer support via its website. Also, the Company is implementing a new HR program to reduce paperwork significantly and has launched a "Going Green" initiative to grow trees and grass in unused areas at its gas stations.

## OUTLOOK:

Synergy between the two companies to grab a more extensive customer base and expand market share.

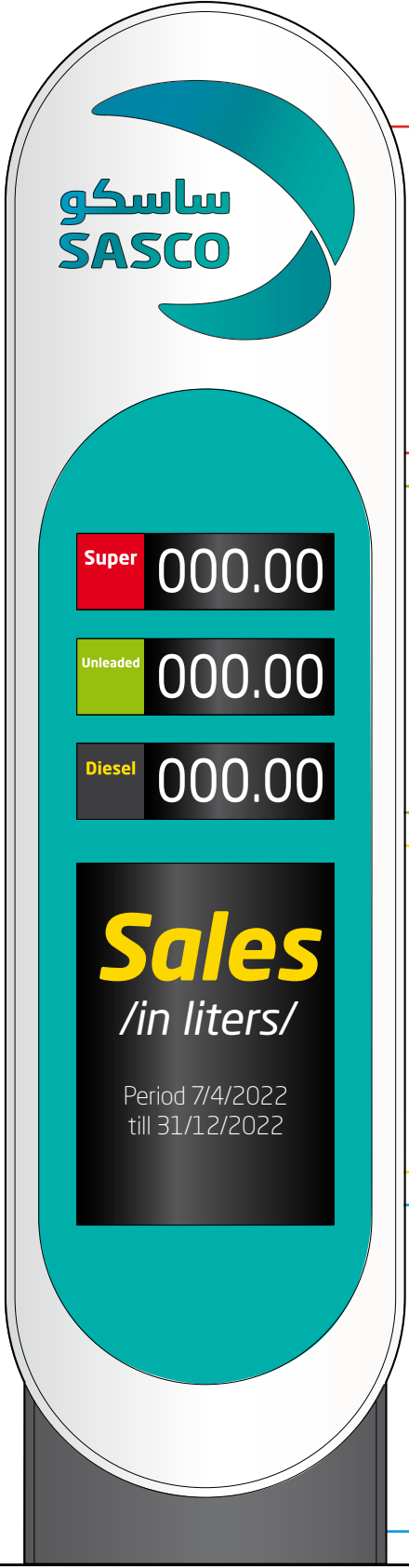
Upgrading the Company's high-tech infrastructure, central ERP system, and HR management software.

Reaching 300 stations by the end of 2024 and a top line that exceeds SAR 3 bn in annual turnover.

Applying a full set of policies and procedures for good governance as the Company changed its legal status from an LLC to a Closed Joint Stock Company.

Expanding its network of service stations by around 25-30 stations during 2023.

Developing a comprehensive staff training program.



95 PREMIUM  
303,096,261

91 PREMIUM  
881,347,793

Diesel  
151,119,463

Total:  
1,335,563,517

# SASCO Strategic Plan

SASCO continued to pursue its five-year strategic development plans adopted in 2019, for all sectors of the Company and its subsidiaries, including its financial, administrative, and operational positions, taking into account its priorities of achieving the objectives set in the plan, whether they were qualitative, quantitative, administrative, or organizational.

The strategic developmental plans come as an extension to the Company's strategy adopted by the Board in 2009 and includes a list of those objectives with control mechanisms and periodic performance measurement.

Process mapping used to identify all the interconnected pathway steps and decisions in a process and converts information into a visual diagrammatic form:

- 1. Identifying elements in previous strategies that will remain relevant and in place in the coming years.
- 2. Identifying elements in previous strategies that are required to be updated or amended for the coming years.
- 3. Determining how the Company can effectively manage its existing assets.
- 4. Determining the human resources required to support the growth process.
- 5. Working towards providing excellent services in terms of added value and maintaining the Company's competitive position.
- 6. Defining Strengths, Weaknesses, Opportunities, and Threats.
- 7. Supporting wider objectives - Being clear where and how asset management is supporting wider objectives in line with our strategic aims.

## STRATEGY KEY FOCUS AREAS:

PEOPLE AND CULTURE

CUSTOMER SERVICE

SUBSIDIARIES

ASSET MANAGEMENT

DIGITAL TRANSFORMATION



# SASCO Strategic Plan (continued)

## People and Culture

### *Galvanising a purpose-led culture*

Embed the mission and principles for our customer service delivery and a set of service standards throughout the organisation. SASCO takes a holistic approach to Customer Services across the organisation, with customer care training available to all employees. This includes Customer Service, mission, promise and principles with clear standards of performance that are visible and transparent to its customers via a customer charter.

The Company creates a culture that supports delivering high-quality customer services across the organisation, and they recruit people with the right attitude, behaviour and aptitude, developing their skills to deliver continually improved services. To accomplish the goal, SASCO sets clear leadership and governance arrangements to drive the strategy from the top and provide a shared vision that every employee can work towards. SASCO's culture must focus highly on the digital and defined approach to digital innovation to empower its employees via digital tools and technology. The Company requires a clear development and change management programme to support this and refresh its current behaviour frameworks to reinforce the changes. Customer services should be part of everyone's objectives and is included in all job descriptions and service plans links to people and digital strategies.

## Customer Service Strategy

### *Realising a world-class customer experience*

This strategy builds on a solid foundation and further develops the work already underway within the organisation to support the delivery of customer-centric services. At all times, SASCO strives to meet customer expectations and deliver excellent service. Through SASCO's extensive customer experience, the Company is able to ensure they understand customer needs, which in turn allow them to work to meet these effectively and efficiently.

The Company will combine technology and people-based experiences to deliver the optimum blend of efficiency and personalised care. The Customer Service strategy sets out how this will be achieved; investing in customer experience is key to customer trust, sustainable performance and long-term success. The activities outlined demonstrate a breadth of work to accomplish this and will involve all of SASCO's resources. The Customer Service Strategy will complement other strategies by ensuring customer contact and partnership. The Company has an in-depth insight into what its customers need across several domains, and the breadth of the services provided precludes the establishment of a single model of customer care. The answer is to have a range of tools and processes in place that can be marshalled in response to the customer's specific needs, the service required and the delivery of that service.

## Subsidiary strategy

### *Accelerating to a service-led innovative business*

The subsidiary strategy reflects the demand-side aspects; this includes competitive interactions between the external environment, competitive process and derived marketing activities to fulfil the strategic goals and subsidiaries' performance and react to developments which force to defend the current portfolio and market share and focus on efficiency. Strategy control derives from extensive responsibilities for the service line and the entire business model. Equally significant is the relationship towards the captured knowledge, the expertise, and the commitment of managers of subsidiaries with cooperation in defending the current portfolio of services and carefully observing the market, both subjective and objective performance variables.

## Capital Strategy

### *Transforming our executional capabilities*

The Capital Strategy sets out the importance of effective strategic asset management planning processes and the relationship to commercial activity and investment property decision-making. The existing governance processes for managing assets will support implementing a place-based approach by optimising physical assets.

Working with its partners to deliver services, it is essential to note that as the five-year Corporate Asset Management Delivery Plan is regularly consulted upon and aligned with the financial planning review and the commercial strategy timeline. This framework sets out key objectives and an outline approach to asset management. It also includes some commentary on where SASCO is against the framework, and identifies some key immediate actions. This will develop into a more detailed action plan that identifies the work that needs to be done to develop and implement the strategy.

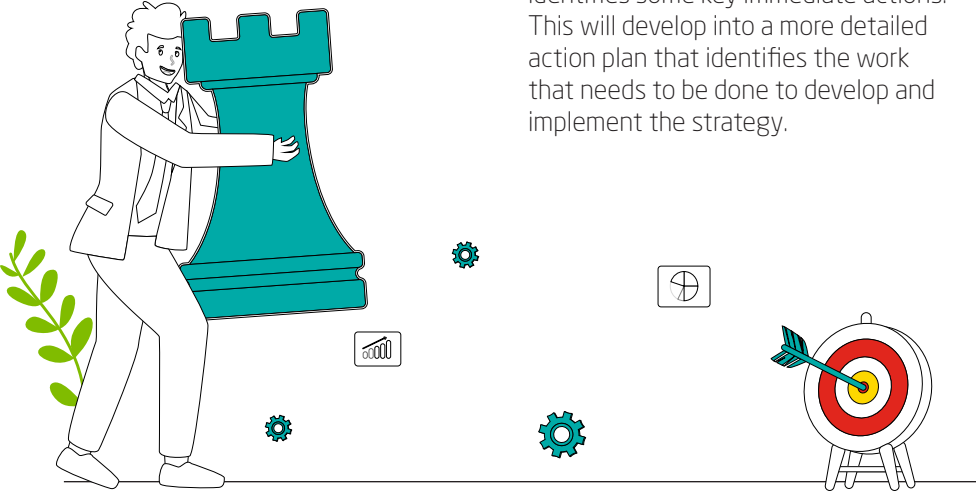
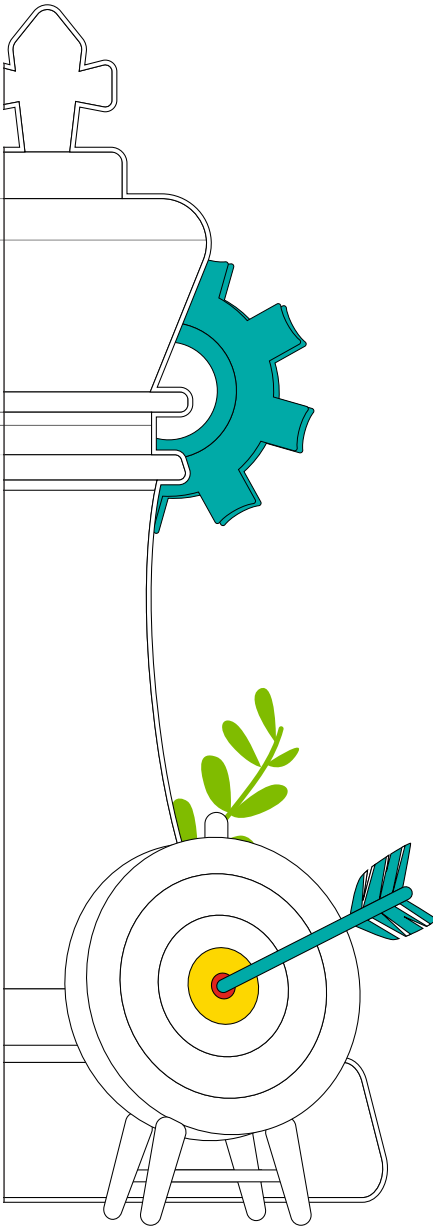
## Digital Transformation Strategy

### *Supported by robust systems, processes and technology*

The Digital Transformational Strategy outlines the need for a digital skill audit. The Company has identified the critical measures of the success of this outcome and will track, monitor and report on its performance in these performance indicators throughout the lifetime of our strategy. These elements highlighted that SASCO should continue strengthening consultation and engagement approaches, improving the handling of customer enquiries and developing customer service standards.

To succeed, it will be necessary to create a culture supported by the proper operational procedures and infrastructure that will deliver high-quality customer service, listen to the customer and employees' voices, measure customer satisfaction, embrace change and strive to improve continuously.

SASCO must always identify the outcomes by which the success of its programmes will be, to ensure they can enable any benefits to be accurately determined. In addition, the Company must ensure they can obtain and analyse internal and external metrics and use them to measure and improve their success towards digital transformational enablement. This will provide customer service that has a prominent presence at the centre of all service development, demonstrating its strategic importance.





# SASCO Strategic Plan (continued)

## Model for Improvement:

### STRATEGY EXECUTION:



Suppliers



Inputs



Processes



Outputs



Customers



Technology potential



Competitive potential



Service level



Systems

We are improving efficiencies by creating a lean and scalable business model based on simplicity, transparency and accountability, which is delivering an improvement in employee engagement. Focusing on the acquisition to be predominantly an operating and profit-sharing model that does not require capital injections from the Company. Reducing costs, improving profitability, and increasing operational efficiency. Conducting a comprehensive market study for all sectors of the Company and its subsidiaries. Continuing to develop the quality of services and service delivery by expanding alliances with international and leading companies operating in the service sectors and related to the activity of the Company and its subsidiaries. Continuing to distribute dividends to shareholders.

We want to attract, develop and retain the right talent by creating a purpose-led culture that empowers and excites. We are investing in our people by upgrading their skills and rewarding our managers based on the quality of employee experience they provide. This will develop an employee and candidate experience that sets us apart. In addition, the ongoing development of our technology will provide an even more personalised customer experience through digital channels and human touch to exceed customer expectations for speed, responsiveness and ease of doing business.

Expansion in current activities and services and offer new products and facilities to complement the existing ones. Capitalise on technology solutions and big data to communicate more with customers and offer innovative and

convenient services. Strengthening control over operation and quality of service, utilising technology to facilitate service delivery and continuing service automation, activating self-services, and providing value-added services and innovative products.

We have the data and insight to understand and anticipate better our customers' needs, optimise and accelerate product range expansion and develop more customised and proactive customer service. We are expanding our product and service further, especially our industry-leading integrated supply proposition.

Focusing on customer satisfaction, to serve customers with all their needs and achieve their satisfaction. To provide high-quality services on highways and travel routes to serve tourists with various high-quality facilities, providing value-added services and innovative products, attracting distinguished administrative expertise and increasing the percentage of Saudization.

The model incorporated into the five-step approach is designed to provide a framework for developing, testing and implementing changes that lead to improvement. To achieve progress, SASCO takes the time to plan change, test it out, and resist system changes. SASCO's strategy and action planning will include all access channels and new activities as well as the key sections within the executive summary, to continue existing linked action plans. In addition, there is a key focus on the following additional areas, and specific actions relating to these are all detailed in the action plan:

## To be the first choice:

Our mission is to be the first choice for all our people, customers, suppliers, communities and shareholders. This vision ensures we are focused when planning and executing our strategy.

We want to be our customers' go-to service solutions provider and our suppliers' go-to partner as we expand their market and product reach. Our firm commitment to supplier relationships and investment in our facilities enabled us to maintain good product availability and customer service. We have continued to invest in our people, new innovative solutions and operations to support our growth. We are well on our way to becoming a different company than we were just two short years ago. Specifically, we continue to improve our pipeline and grow with a wide range of services.

- Build operational and business development bench strength in end markets, such as continuing to develop stations, rest houses, and service centers on highways, increasing the number of sites by acquiring distinctive station sites within cities and highways in the Kingdom and continue working to the first choice on the road.

- Advance and maintain our leading market position in developing the services provided by the Saudi Automobile & Touring Association (SATA) and increasing the market share of Triptik sales and international permits. Expanding the Saudi Automobile & Touring Association (SATA) business by introducing new activities, activating the TIR system and expanding customs clearance activities, easing shipments to other countries and helping in terms of the supply chain for the transit of goods and products.

- Support our traditional clients by increasing the size of SASCO stations, SASCO Palm grocery stores and transportation fleet in line with the growth of SASCO sites in the Kingdom. Expanding the SASCO network and introducing new products and services.

- Improve our performance and position through Al Nakhla Al Oula Contracting Co., which creates significant growth opportunities for the enterprise, expanding the business and improving the level of service for maintenance and projects.

## Execution Excellence:

*As we set out on our journey to greatness, given what the Group has achieved so far, the clarity of our strategy, the attractiveness of our offer and the further growth opportunities we see, we remain confident for our future sustainable journey and that we can continue to drive value for all our stakeholders.*

## Significant Accomplishments:

- New SASCO launched identity.
- New station in Irqah, with a unique identity following the Diriyah Code.
- New identity of Nakhla in Sulaimaniyah.
- New headquarters as part of our development.

# CFO: The Year in Review



*Since inception, SASCO has worked hard to earn a reputation built on its Core Values. We are uncompromising in our ethics, integrity, respect, and commitment to safety and quality.*

**We remain dedicated to continuous improvement across every aspect of our business. And we strive to make positive, lasting impacts that leave the communities where we live and work better than we found them.**

One of the main reasons for our success, reflected in the record order intake in the past financial year, is that we are in a solid competitive position in all business segments due to our broad product portfolio and range of advanced capabilities. And this applies to both the capital goods and our rapidly growing service sector. The culture change has been the main driver of our market outperformance in all regions, with greater operational ownership underpinning stronger profitable growth. SASCO maintains a strong balance sheet and liquidity profile, which is a consistent and important part of our long-term strategy. Notably, we maintain a very low level of debt and intend to continue to do so.

This philosophy was never more important than this year. **In September, the Company celebrated its 40th year in business, providing an opportunity to reflect on the many achievements made over the years.** Through hard work, commitment and perseverance, the Company has been transformed from a regional provider of fuel services to a leading service provider in Operating Supplies; one whose work makes life's daily necessities possible and improves the quality of life for people all over the country. We have a more substantial base from which to accelerate our growth strategy. We continued to invest in our business model and growth opportunities to ensure our long-term strategic plans did not falter.

**Our performance during 2022 saw resilience in the first half as we navigated to execute our 2023 target even before the acquisition of Naft.** With given results, we have now remarkably surpassed our recently-refreshed acquisition plan of 80% of NAFT stations, aiming to achieve profitability by the end of 2023 with solid growth. We did so by leveraging the strength and diversification of our business to pursue work across our operating segments and acquire new market segments.

We prepared well to ensure as smooth a process as possible, from increasing inventory going into the end of the transition period, updating our technology with the ERP system and adhering to international Accounting Standards and Governance standards that bring transparency, accountability and efficiency. Working closely with our customers, suppliers and logistic partners and increasing flexibility within our supply chain.

## REVENUE:

Group revenue increased by 93 % to 7,852.2 million SAR. Adjusting for the year-on-year impact of acquisitions, the operating model indicates we gained market share as we widened our customer base.

We are constantly striving to make our operating model as lean and efficient as possible to convert a higher percentage of gross profit into adjusted operating profit.



**Mr. Islam Mohammed Khairy Ahmed**  
Chief Financial Officer

# CFO: The Year in Review (continued)

## Summary Statement of Income (SAR)

	2022	2021	2020	2019	2018
Sales	7,852,211,128	4,061,642,625	2,136,241,724	2,482,842,898	2,056,081,002
Cost of Sales	(7,580,027,564)	(3,902,344,305)	(1,985,986,469)	(2,324,247,169)	(1,974,099,397)
Total Income	272,183,564	159,298,320	150,255,255	158,595,729	81,981,605
General & Administrative Expenses	(177,167,753)	(50,628,176)	(43,591,615)	(50,803,569)	(42,109,042)
Selling & Marketing Expenses	(4,431,958)	(2,642,077)	(2,328,178)	(3,806,855)	(2,189,061)
(Reversal) Provision for expected credit losses, net	4,147,766	(1,725,000)	(20,947,427)		
Net Income (Loss) from the main activities	94,731,619	104,303,067	83,388,035	103,985,305	37,683,502
Profits (Loss) from Investments	4,345,487	7,003,272	4,123,932	22,070,826	6,745,277
Capital Gains (Losses)					
Other Income (Expenses)	7,214,181	(56,850,027)	(41,686,780)	(2,161,336)	(6,202,466)
Net Income (Loss) Before Zakat	106,291,287	54,456,312	45,825,187	123,894,795	38,226,313
Zakat	(8,509,744)	(3,613,333)	(5,696,537)	(3,247,206)	(2,775,004)
Net Income	97,781,543	50,842,979	40,128,650	120,647,589	35,451,309
Income Attributable to the shareholders of the parent company	89,706,421				

## Summary of Cash Flows

	2022	2021	2020	2019	2018
Cash flows from operating activities	619,416,036	402,374,776	290,437,254	187,358,738	45,308,582
Cash flows from investment activities	(1,234,591,867)	(182,159,812)	(165,882,035)	(102,280,009)	(78,101,689)
Cash flows from financing activities	1,078,380,498	(182,382,578)	(94,288,759)	(94,295,285)	9,752,789

## Summary of Balance Sheet (SAR)

	2022	2021	2020	2019	2018
Total Current Assets	950,128,887	424,159,409	348,374,311	394,337,036	358,187,696
Total Non-Current Assets	5,161,728,889	2,833,299,061	2,638,239,910	2,132,715,420	1,242,554,192
Total Assets	6,111,857,776	3,257,458,470	2,986,614,221	2,527,052,456	1,600,741,888
Total Current Liabilities	1,398,756,116	712,724,557	525,836,895	516,248,916	458,879,874
Total Non-Current Liabilities	3,716,453,123	1,732,797,363	1,656,027,596	1,161,314,278	389,999,100
Total Liabilities	5,115,209,239	2,445,521,920	2,181,864,491	1,677,563,194	848,878,974

## Profitability Indicators

	2022	2021	2020	2019	2018
Return on Sales	1,14%	1,25%	1,88%	4,86%	1,72%
Return on Capital	14,95%	8,47%	6,69%	20,11%	5,91%
Return on Investment	1,74%	1,79%	1,52%	5,66%	2,85%
Return on Total Assets	1,47%	1,56%	1,34%	4,77%	2,21%
Return on Equity	10,73%	6,26%	4,99%	14,20%	4,72%

## Growth Indicators

	2022	2021	2020	2019	2018
Sales Growth	93,33%	90,13%	(13,96%)	20,76%	69,60%
Net Income Growth	76,44%	26,70%	(66,74%)	240,32%	26,68%
Asset Growth	87,63%	9,07%	18,19%	57,87%	6,24%
Equity Growth	3,00%	0,89%	(5,27%)	12,98%	3,12%

# CFO: The Year in Review (continued)

## Efficiency Indicators

	2022	2021	2020	2019	2018
Debtors Turnover Ratio	59,02	28,92	18,83	23,80	14,74
Inventory Turnover Ratio	91,80	75,65	47,09	40,45	38,56
Assets Turnover Ratio	1,28	1,25	0,72	0,98	1,28

## Income Statement as a percentage of Revenue

	2022	2021	2020	2019	2018
Sales	100,0%	100,0%	100,0%	100,0%	100,0%
Direct Costs	96,53%	96,08%	92,97%	93,61%	96,01%
Total Income	3,47%	3,92%	7,03%	6,39%	3,99%
General & Administrative Expenses	2,26%	1,35%	3,13%	2,20%	2,15%
Other Income	0,15%	(1,23%)	(1,76%)	0,80%	0,03%
Zakat	0,11%	0,09%	0,27%	0,13%	0,13%
Net Income	1,14%	1,25%	1,88%	4,86%	1,72%

## Key Ratios

	2022	2021	2020	2019	2018
Liquidity Ratio	0,68	0,60	0,66	0,76	0,78
Quick Liquidity Ratio	0,62	0,52	0,58	0,65	0,67
Debt to Equity Ratio	196,45%	76,27%	82,87%	68,41%	78,88%
Debt to Total Assets Ratio	26,88%	19,01%	26,39%	23,00%	37,05%

## Year on Year Comparison of Income (SAR)

	2022	2021	Change	Percentage Change
Revenue	7.852.211.128	4.061.642.625	3.790.568.503	93,33%
Direct Costs	(7.580.027.564)	(3.902.344.305)	(3.677.683.259)	94,24%
Income Margin	272.183.564	159.298.320	112.885.244	70,86%
Selling & Marketing Expenses	(4.431.958)	(2.642.077)	(1.789.881)	67,75%
General & Administrative Expenses	(177.167.753)	(50.628.176)	(126.539.577)	249,94%
Provision for Expected Credit Losses	4.147.766	(1.725.000)	5.872.766	(340,45%)
Income from Main Operations	94.731.619	104.303.067	(9.571.448)	(9,18%)
Profits (Loss) from Investments	4.345.487	7.003.272	(2.657.785)	(37,95%)
Finance Costs	(114.968.010)	(57.227.963)	(57.740.047)	100,89%
Other Income	122.182.191	377.936	121.804.255	32228,80%
Income before Zakat	106.291.287	54.456.312	51.834.975	95,19%
Zakat	(8.509.744)	(3.613.333)	(4.896.411)	135,51%
Net Income	97.781.543	50.842.979	46.938.564	92,32%
Income Attributable to the shareholders of the parent company	89.706.421	50.842.979	38.863.442	76,44%
Non-Controlling Interest	8.075,122			

The reason for the increase in the net profit during the current period compared to the same period of the previous year is due to the increase in sales by 93% due to the acquisition of 80% of the capital of the Naft Services Company and the increase in the amount of sales, which led to an increase in the total profit in addition to the increase in other revenues resulting from the sale (9) Sites

owned by the company and re-rented, despite the increase in general and administrative expenses due to acquisition costs, selling and marketing expenses, which led to a decrease in income from main operations, an increase in financing costs and zakat expenses, and a decrease in investment income.

## Payments

Taxes paid in 2022	76.875.099,85
Tax from December 2022 due in January 2023	5.640.642,40
Zakat paid in 2021	1.425.156,10
Customs Duty	793.569,28
Withholding Tax	336.092,85

# CFO: The Year in Review (continued)

Segment Revenue (SAR)

	Direct Revenue		Direct Costs		Total Income		Contribution Ratio (Income Margin)		Segment Contribution to Revenue	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Operations Sector	7.628.231.656	3.876.234.371	(7.385.503.918)	(3.725.895.775)	242.727.738	150.338.596	89,18%	94,38%	97,15%	95,44%
Saudi Car Club	11.097.142	8.508.847	(6.911.982)	(5.928.422)	4.185.160	2.580.425	1,54%	1,62%	0,14%	0,21%
Sasco Palm	224.867.780	186.862.966	(217.740.631)	(194.725.991)	7.127.150	(7.863.024)	2,62%	(4,94%)	2,86%	4,60%
Ostool Al Naqel	45.227.352	38.178.928	(34.681.753)	(28.879.020)	10.545.599	9.299.908	3,87%	5,84%	0,58%	0,94%
Al Waha Company	2.502.621	3.694.125	(3.050.972)	(4.593.745)	(548.351)	(899.620)	(0,20%)	(0,56%)	0,03%	0,09%
AL Nakhla Al Oula	11.663.000	11.001.352	(3.763.696)	(5.190.970)	7.899.303	5.810.382	2,90%	3,65%	0,15%	0,27%
Amlak Nakhla Real Estate	246.965	31.652	0	0	246.965	31.652	0,09%	0,02%	0,00%	0,00%
Settlements	(71.625.389)	(62.869.616)	71.625.389	62.869.616	0	0	0,00%	0,00%	(0,91%)	(1,55%)
	7.852.211.128	4.061.642.625	(7.580.027.564)	(3.902.344.306)	272.183.564	159.298.320	100%	100%	100%	100%



# CFO: The Year in Review (continued)

## Bank loans

Lender name	Financing Type	Financing amount	Loan Term	Paid as of 31/12/2022	Due as of 31/12/2022
Alrajhi Bank	LONG TERM LOAN	135.600.000,00	" 5 years installement 2 years Grace Period "	13.560.000,00	122.040.000,00
Alrajhi Bank	LONG TERM LOAN	57.346.230,98	" 5 years installement 2 years Grace Period "	-	57.346.230,98
Alrajhi Bank	LONG TERM LOAN	270.000.000,00	" 7 years installement 2 years Grace Period "	-	270.000.000,00
Alrajhi Bank	LONG TERM LOAN	40.000.000,00	" 7 years installement 2 years Grace Period "	-	40.000.000,00
Alrajhi Bank	LONG TERM LOAN	130.000.000,00	" 7 years installement 2 years Grace Period "	-	130.000.000,00
RIYAD BANK	LONG TERM LOAN	106.381.498,02	" 5 years installement 6 month Grace Period "	37.233.524,30	69.147.973,71
RIYAD BANK	LONG TERM LOAN	22.046.629,00	" 5 years installement 3 years Grace Period "	-	22.046.629,00
RIYAD BANK	LONG TERM LOAN	370.000.000,00	" 7 years installement 3 years Grace Period "	-	370.000.000,00
RIYAD BANK	LONG TERM LOAN	50.000.000,00	" 7 years installement 3 years Grace Period "	-	50.000.000,00
RIYAD BANK	LONG TERM LOAN	30.000.000,00	" 7 years installement 3 years Grace Period "	-	30.000.000,00
AL-jazeera Bank	LONG TERM LOAN	2.369.531,00	" 5 years installement 2 years Grace Period "	-	2.369.531,00
SABB Bank	LONG TERM LOAN	90.000.000,00	" 7 years installement 3 years Grace Period "	-	90.000.000,00
SABB Bank	LONG TERM LOAN	150.000.000,00	" 7 years installement 3 years Grace Period "	-	150.000.000,00
Albilad Bank	LONG TERM LOAN	210.000.000,00	" 8 years installement 3 years Grace Period "	-	210.000.000,00
SNB Bank	SHORT TERM LOAN	30.000.000,00	7 Days	30.000.000,00	-
SABB Bank	SHORT TERM LOAN	30.000.000,00	7 Days	-	30.000.000,00
<b>Total</b>				80.793.524,30	1.642.950.364,69



# SASCO Risk Management

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM MODEL



SASCO manages, monitors and reports on the significant risks and uncertainties that can impact the ability to deliver its strategy. The Company has a comprehensive Risk Management and Internal Control System aimed at protecting assets, improving business processes, enhancing operational efficiency and complying with applicable laws and regulations.

SASCO's internal control system is a holistic set of internal controls that includes policies, processes, management systems, organisational structures, culture and behaviours employed to conduct SASCO's business and manage associated risks.

Risk Management is integrated within SASCO's culture to help translate the strategy into measurable goals. SASCO also sets a clear framework and approach in applying the adopted mechanisms and processes that would

identify and assess the risks inherent in all operations within the Company and the mechanism for monitoring and eliminating them.

SASCO's Board of Directors supervises the mechanism for implementing a comprehensive risk management framework, which is part of strengthening the Company's supervisory procedures. This occurs through policies and procedures that identify, treat and control operational and non-operational risks in the Company's business and activities.

In addition to that, the most important tools used in identifying and measuring risks are the Risk Control Self-Assessment (RCSA) and Key Risk Indicators (KRIs), collecting and analysing the nature of losses (quantitative or qualitative) resulting from these risks, as well as setting and monitoring higher and lower ratios within the Risk Appetite Statement.

## RISK MANAGEMENT SYSTEM



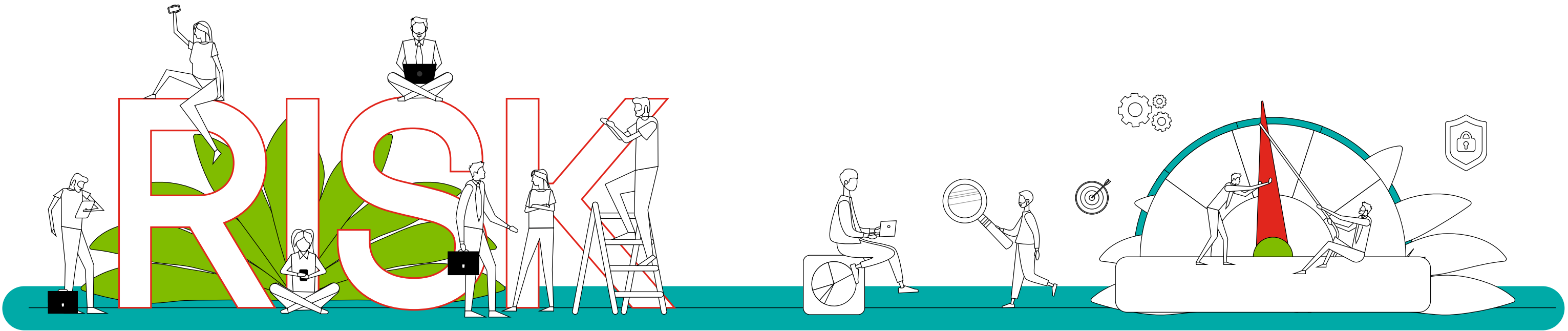
SASCO has built a risk management system to ensure sustainable development in the context of uncertainty and ambiguous environment, which involves systemic assessment and response to all risks that may hinder achieving the Company's goals.

The Company's risk management system implies identifying and quantifying risks, outlining activities to prevent or mitigate the adverse effects of possible

risk materialisation, and monitoring the implementation during the year.

Risk management is 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 process:

1. Assessment of risk significance.
2. Assessment of the possibility of risk occurrence (recurrence).
3. Risk impact.
4. Consider how to manage the risk and assess the actions to be taken accordingly.

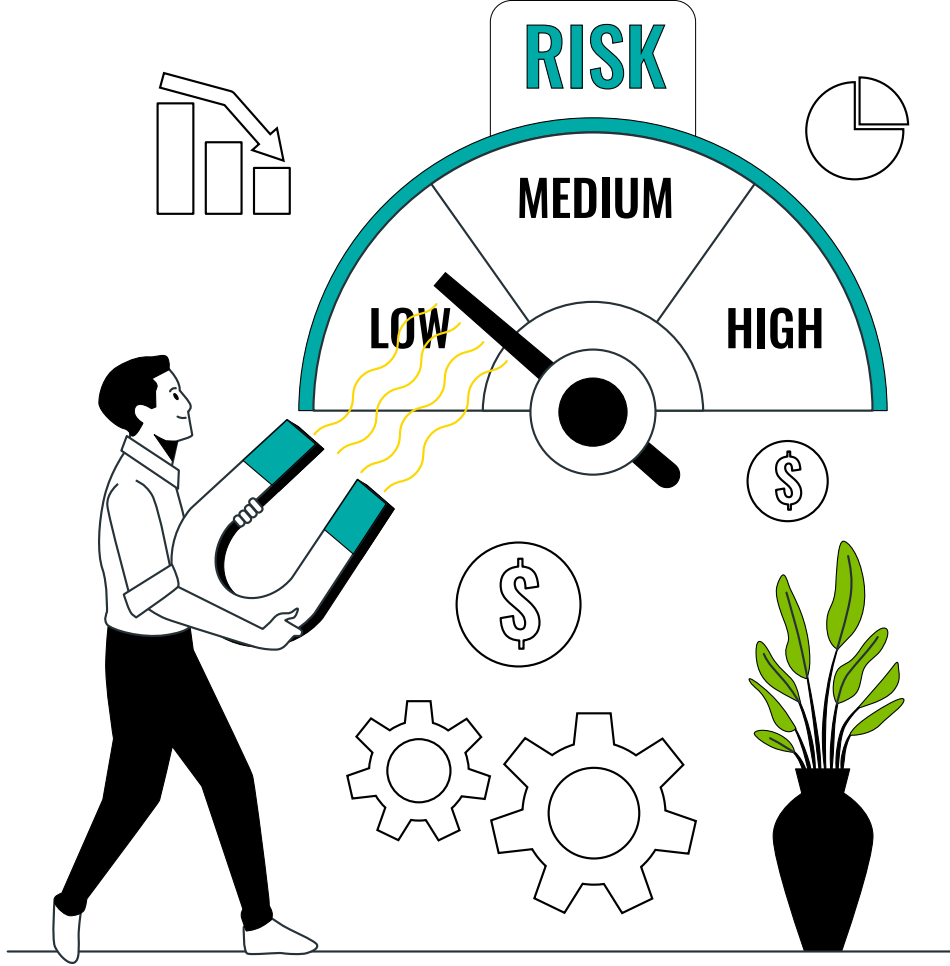


# SASCO Risk Management (continued)

## KEY BUSINESS RISKS

SASCO's business is associated with operating in complex and rapidly evolving environments. The Company's ability to achieve its targets and ambitions is maintained through timely risk identification, assessment and management.

The risks below represent SASCO's key business risks, which may have the most significant impact on the achievement of the Company's operational and strategic goals, the operation of the Company's business model and the shareholder value generation, with its estimated potential impact on the Company's operations.



## OPERATIONAL RISKS

### OPERATIONS SECTOR

#### RISKS

- Increasing the intensity of overall competition in the sector, price fluctuations that affect land prices, real estate leasing and construction or supply costs.
- Dependence on the provision of petroleum services. Therefore, any change in the contract terms with the Saudi Arabian Oil Company may have a negative impact on the Company's activity.

#### ACTIONS TO MITIGATE RISK IMPACT

- Requiring the development of accurate studies for each site that include established criteria to ensure the site's investment feasibility.
- Carrying out a comprehensive development programme for the current sites to ensure the quality of service and the availability of all services needed by the customer, increasing its market share within cities and focusing on the acquisition of relative importance sites, whether in terms of population density or traffic.
- Establishing financial objectives to be achieved and enforcing monthly control to address or benefit from deviations.
- Setting operational objectives and activating the supervision role of officers in stations, regions and sectors, who will carry out periodic and unannounced visits. As well as monitor customer complaints and address them by setting up a toll-free number to increase the quality of services.

### SASCO PALM COMPANY

#### RISKS

- The Company's inability, for reasons beyond its control, to obtain and renew the licences, permits and certificates necessary for its activity.
- The possibility of fraud and thefts and the risk of improper storage and accumulation of goods may lead to a high level of waste.
- The inability to provide the items in all the Company's branches due to the geographic expansion
- New requirements in the commercial markets (supplies).
- High and selected VAT may cause changes in some product prices due to high costs or special legislation.
- The emergence of new competitors.

#### ACTIONS TO MITIGATE RISK IMPACT

- Covering the operational objectives of the retail sector.
- Following up on compliance with the safety and security laws and procedures and the instructions of the official authorities, in addition to recommending the correction of violations.
- Ensuring quality assurance procedures and adherence to quality standards.
- Assuring the safety and fairness of selling prices and that they achieve the Company objectives.

### OSTOOL ALNAQIL COMPANY

#### RISKS

- While the Company does not face any obstacles in periodical license renewal, it does not guarantee to renew it in the future, which affects the continuity of the Company's operations.
- The increase in the values of traffic offences of all kinds, as well as the times of prevention.
- The change in the systems and regulations related to the Company's business, such as loading, transporting, unloading and storing petroleum products and environmental protection requirements, would increase the Company's financial costs and burdens.
- The shortage and difficulty of providing qualified workers (mainly drivers) for the Company.

#### ACTIONS TO MITIGATE RISK IMPACT

- Covering the operational objectives of the transportation sector and assisting responsible personnel in improving, developing, and scheduling the supply.
- Following up on compliance with the safety and security laws and procedures and the instructions of the official authorities, in addition to recommending the correction of violations.
- Ensuring quality assurance procedures and adherence to quality standards.
- Providing human resources.

### SAUDI AUTOMOBILE & TOURING ASSOCIATION (SATA)

#### RISKS

- Decline in sales due to natural disasters.
- Political events in some neighbouring countries.
- Entry of some local competitors (similar associations).
- Emergence of new regulations on the financial performance of SATA.

#### ACTIONS TO MITIGATE RISK IMPACT

- Reducing costs when banning travel.
- Holding periodic meetings with strategic distributors to increase coordination regarding market shares.
- Developing a plan to increase sales outlets to market some products and follow them up monthly.
- Monitoring customs claims and working to reduce them.

# SASCO Risk Management (continued)

## IT RISKS

Due to the dependence on e-systems and applications of the Company and business institutions as a whole, with the increasing risks and threats to those systems and applications, and based on the geographical expansion of the Company and the spread of its sites, which requires automatic linkage between them, it has become crucial to manage electronic security incidents

when these systems and applications are exposed 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 RELATED TO THE ISSUANCE OF NEW REGULATIONS FOR FUEL STATIONS AND SERVICE CENTRES

The regulations for fuel stations and service centres, issued by the Ministry of Municipal and Rural Affairs, cover precise criteria for the geographic distribution of gas stations and service centres to guarantee that they are not causing any inconvenience or obstruction to traffic or damage to neighbouring facilities. These

regulations also determine the areas of stations inside and outside cities, design standards, safety requirements and environment preservation.

SASCO's operations might be affected if the required establishment or operation licences are not acquired for the existing or new stations.

## LEGISLATIVE ENVIRONMENT RISKS

SASCO operates in a dynamic legislative environment, and changes to the laws and regulations in force in Saudi Arabia may affect its business positively or negatively.

To reduce any negative impact of these changes that may emerge, SASCO constantly looks at the amendments made to the systems promptly and studies the effect of these modifications on its business, then takes the necessary steps to reduce the impact

or try to employ them in what best serves its business.

One of the most prominent existing risks is obtaining a licence to practise activities from the Ministry of Municipal and Rural Affairs and Civil Defence for each site, renewing it periodically and connecting it with the property insurance policy. As a result, SASCO's activities may be affected if the Company is unable to obtain or renew these licences.

## LITIGATION 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 labour 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 when conducting its business and checks and qualifies counterparties before concluding cooperation agreements with them. If the counterparties fail to perform and it is impossible to reach a pre-trial settlement, the Company may take legal recourse. In 2022, the Company was not involved in any material litigation.

# SASCO Risk Management (continued)

## MARKET RISKS

### Competitive Environment Related Risks

The Company's growth and profit levels are linked to its ability to compete successfully and maintain its leadership position among other companies.

SASCO's stations and restrooms sector witnesses intense competition to provide the best services.

### Growth and Expansion Related Risks

- Given that SASCO's growth is linked to the launch and addition of new sites, the Company selects the sites and conducts a comprehensive study of them to make the appropriate buy or rent decision to achieve its expansion policies.
  - SASCO's growth continuity is also linked to the availability of human resources, including administrative competencies, operational experiences and on-time employment, as the Company exerts the necessary effort to provide these resources.
- In addition, delays in construction and development projects due to non-compliance by contractors with the specified timetable for project completion may slow down the operation of the sites, 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.

## DEVELOPING HIGHWAY NETWORKS RELATED RISKS

Saudi Arabia is working on the continuous development of highway networks, which may result in changing some of the roads on which SASCO's restrooms and stations are located. In addition, the Kingdom has begun implementing public transport projects, the metro network and railways to connect the regions, which may negatively affect the Company's operating profits.

In this regard, SASCO controls it by studying new roads and railway projects and expansion plans for road networks in the Kingdom periodically to plan their strategic locations, examine options and solutions for existing sites, and ensure that they are likely to be affected by the development of road networks or not.

## RISKS RELATED TO GRANTING LANDS AND LANDS DELIVERED BY SAUDI ARABIA

On 18/05/1401 AH, Royal Decree No. 11499 was issued to hand over the necessary lands to SASCO, given that Saudi Arabia will maintain ownership. Also, Royal Decree No. 214/M was issued on 08/02/1405 AH 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 or will receive to start the building process of the rest houses.

Regarding the delivered grants with title deeds, SASCO assigned several specialised companies to evaluate them, resulting in them being listed in the accounting records. As for granted lands with no title deeds, SASCO seeks the concerned authorities to obtain their title deeds and acquire them.

In addition to the granted lands, some sites with recipient records were handed over by the country.

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 11/24/1420 AH, stipulating that SASCO should settle for the sites it previously received. Also, SASCO will be leased to the rest of the handed-over sites or the sites that it will receive at a reasonable fee, emphasising making use of them for their designated purpose.

Work is currently underway with government agencies 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 value specified for them increases.

Therefore, first, the Company assesses the site and its rental value before deciding if it seeks to invest in it.

## 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's policy stipulates that all term clients are subject to investigation in terms of credit and their ability to fulfil their payments.

SASCO monitors the loan resources market to choose the best financing option. The Company pursues a balanced

anced policy of maximising the share of long-term commitments with fixed rates and maintaining the flexibility of its investment program.

The Company's centralised approach to funds management allows it to promptly adjust its consolidated debt burden level and meet its subsidiaries' financing needs, which contributes significantly to the reduction of the Company's sensitivity to the volatility of external lending interest rates.



# SASCO Risk Management (continued)

## FUNDS RELATED RISKS

The Company has obtained funds from several banks to expand the Company's projects, support its main activities, purchase new sites to build gas stations, and finance working capital, thus achieving profits and maximising shareholders' equity in the future.

In this regard, the Company puts control over it by setting financial and operational goals to achieve them, and by activating control over them monthly to address deviations or benefit from them, such as, but not limited to:

- Monitor achieving expansion targets numerically.
- Monitor the Company's investments on an ongoing basis.
- Monitor the target achievement of financial performance.
- Conduct, analyse, and compare budgets with actual results and causes of deviations.
- Review cash flows on an ongoing basis and work to improve them.
- Schedule expansions.

## INVESTMENT RELATED RISKS

The Company owns an investment portfolio in other companies and may be exposed to financial, operational, or administrative risks related to those companies or in the market in which those operate. To reduce the impact of these risks, SASCO conducts studies internally or through specialised consultants on the placement of these investments to assess the feasibility of keeping them. In addition, the Company is regularly aware of the investee companies' business results to determine their general conditions.

In the event of an untapped cash surplus, the Company invests it 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 specialised companies manage.

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 a quarterly and annual basis.
- Working on getting rid of some investments to focus on the Company's primary activity whenever the appropriate opportunity arises.

## STRATEGIC RISKS

Risk of the Company's failure to meet its strategic targets due to major changes in the external or internal environment. SASCO endeavours to achieve its strategic targets and objectives and analyses and manages the risks that impede their achievement. However, these unknown and unstructured risks cannot often 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 destroy it by

exposing it to bankruptcy and laying off employees.

To reduce the impact of risks on its strategic goals, the Company applies a scenario-based approach to long-term financial and economic forecasting of the Company's development and updates these forecasts regularly. When making strategic decisions, the Company is guided by the principles of prudence and financial stability and promptly responds to all changes in the external and internal environment.

## FUTURE OUTLOOK

In addition to core activities, in 2023, SASCO will further embed its continuity management processes to strengthen its organisational resilience, focusing on reviewing and integrating IT Continuity.

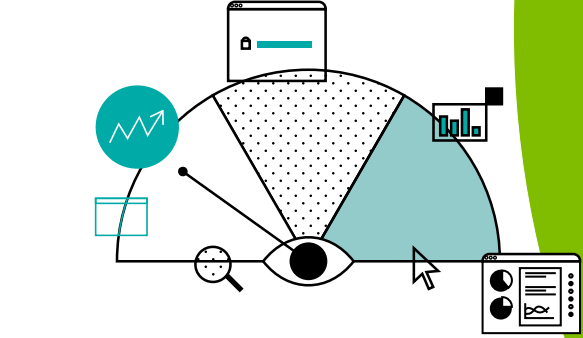
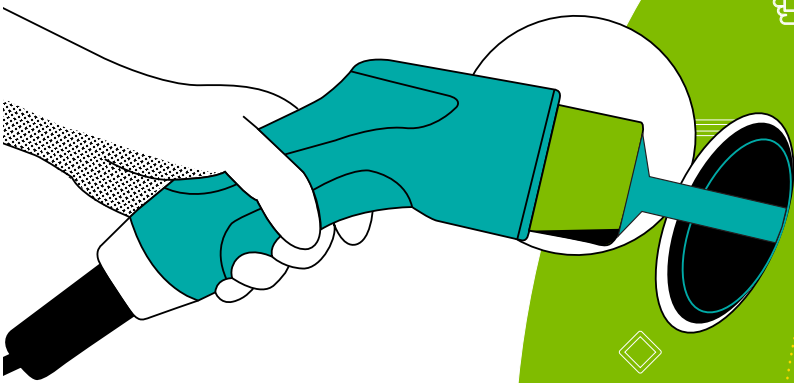
SASCO will continue to invest in advancing its Enterprise Risk Management system in the coming year, optimising its effectiveness to ensure that the Company maintains adequate Governance, Oversight and Reporting benchmarks in risk management.

In addition, the Company will further develop its emerging risk assessment processes, focusing on emerging climate-related risks alongside SASCO's alignment with the Kingdom's 2030 Vision.

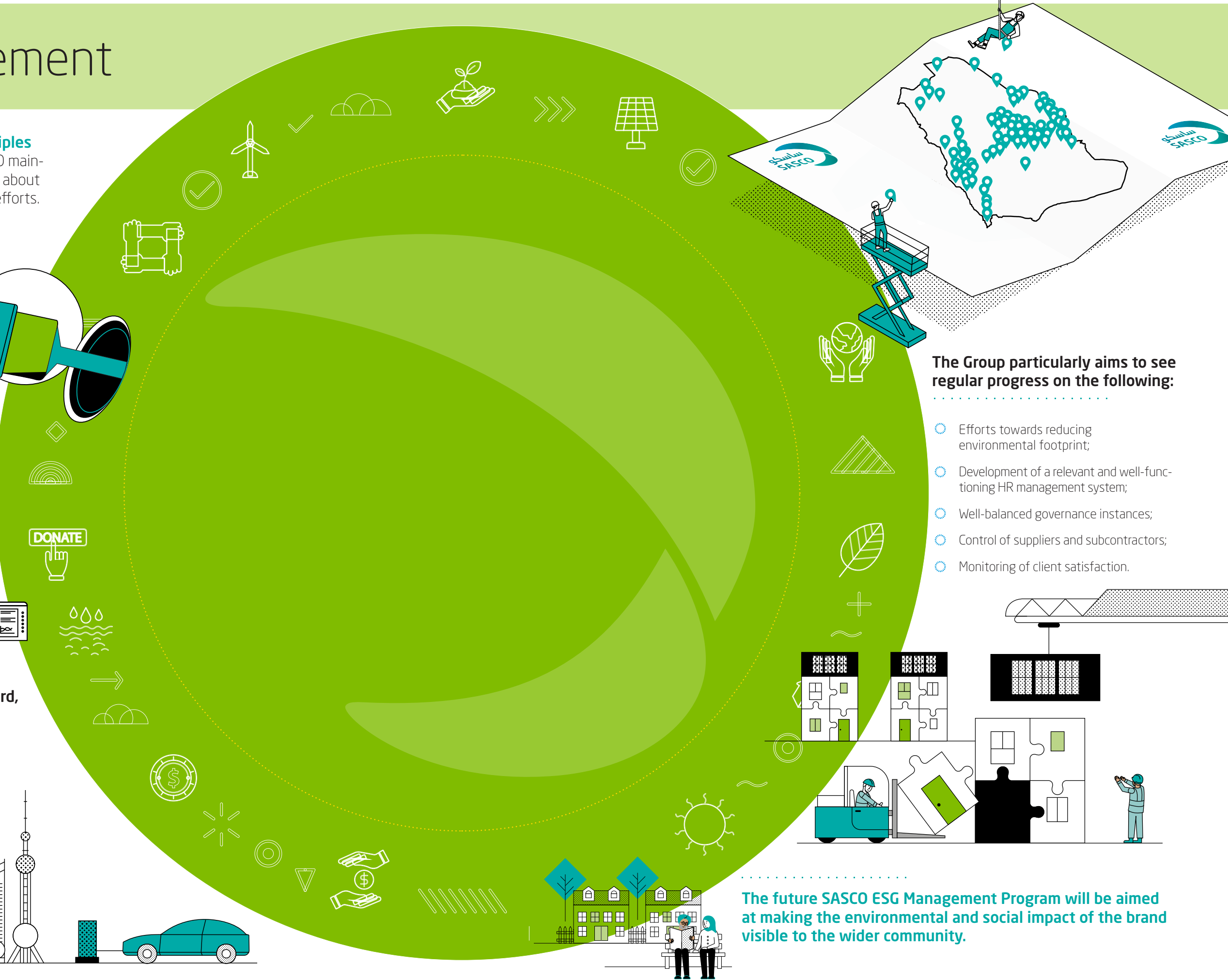
The Company's underlying policies and procedures will continue to be updated annually to bolster the risk management function, as per best practices, and to ensure compliance with internal and regulatory guidelines.

# ESG Management

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.

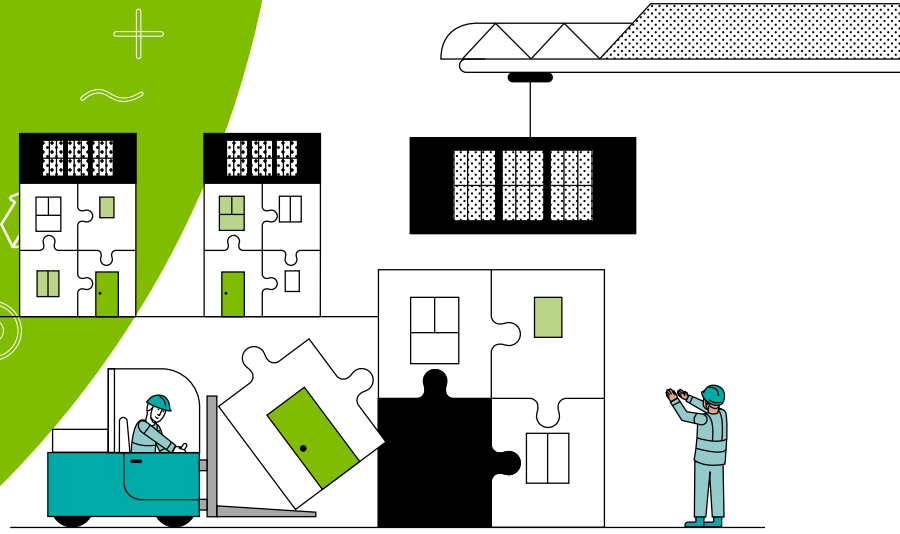


The main objectives are assessed periodically by the Supervisory Board, allowing SASCO to validate their satisfactory improvement.



The Group particularly aims to see regular progress on the following:

- Efforts towards reducing environmental footprint;
- Development of a relevant and well-functioning HR management system;
- Well-balanced governance instances;
- Control of suppliers and subcontractors;
- Monitoring of client satisfaction.



The future SASCO ESG Management Program will be aimed at making the environmental and social impact of the brand visible to the wider community.

# ESG Commitments

*SASCO's commitment to social value reflects its purpose and role in providing essential products and services for society's transition to a more sustainable future.*

The Company's engagement with sustainability is to respect the rights of every stakeholder and partner through personality and high standards. The Group is in a permanent transformation to provide tangible and sustainable solutions to the challenge of providing more energy and fewer emissions.

ESG framework comprises a comprehensive set of key commitments

across all the Environmental, Social and Governance dimensions that guide the execution of the Company's strategy. It includes ambitious targets and detailed plans of action.

SASCO is planning on taking 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.

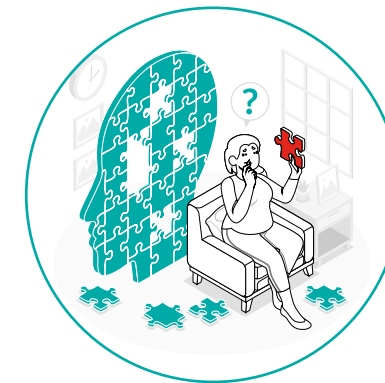
*In 2022, SASCO participated in numerous awareness campaigns following the Kingdom's objective to initiate awareness programs for the community.*



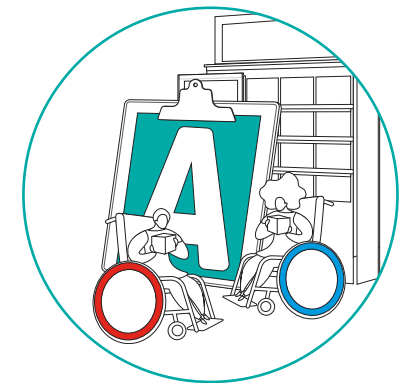
## EXAMPLES OF SASCO INITIATIVES AND ACTIVITIES INCLUDE:



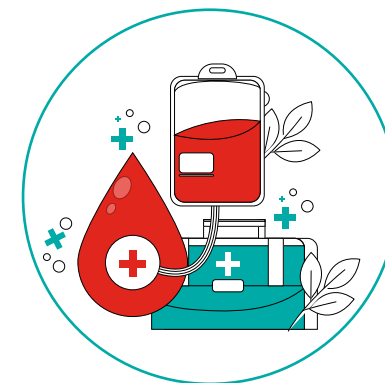
Participating in the 92nd Saudi National Day celebration



Participating in the campaign marking World Alzheimer's Month, raising awareness of the disease among community members



Continuously cooperating with the Disabled Children's Association



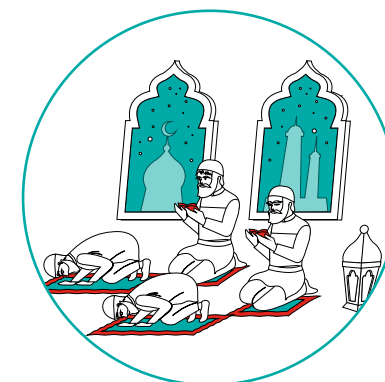
Taking part in World Blood Donor Day



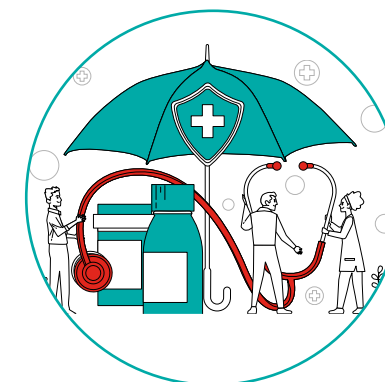
Mosque services in various sites inside and outside cities and on highways



Free restrooms



Hajj and Umrah services



Promoting health and hygiene



Taking care of the environment

# Health and Safety

*Safety is SASCO's core value, embedded in the operating system, which sets out how the Company aims to deliver safe, reliable, compliant and sustainable operations.*

**Throughout 2022, SASCO continued strengthening its safety culture, guided by its principles. These principles are designed to guide behaviour and working across the Company to drive a robust, consistent safety culture in which:**

Employees care about each other;

The focus on safety is not to be compromised;

SASCO encourages and recognises speak-up.

Safety is essential to everyone and is a core value attributed to the oil and gas, transportation, and construction industries. SASCO are committed to protecting the environment, and the health and safety of all who share it, working together to improve safety practices through ongoing research, standards development, training, and advocacy.

SASCO's Health, Safety and Environment (HSE) strategy is designed to ensure 100% HSE for employees, contractors, and customers.

This includes remotely conducted HSE audits, inspections, and virtual HSE awareness and training sessions. These highly effective measures led to a strong HSE performance by the Company.

This significant achievement was underpinned by a commitment to teamwork and the consistent dedication of

all employees in upholding the 100% Health Safety Environments ethics.

The Company reviews how its people interface with the equipment and systems around them. Examine potential causes of stress and fatigue and the quality of the procedures that SASCO people have to follow - showing care about how work is being done and acting on concerns raised, driving a learning culture which consistently will lead to a safer workplace.

With the COVID-19 pandemic in the post-recovery stage, decisions about working practices and returning to office-based working are being made in compliance with local and national regulations, taking into account relevant guidelines. SASCO employees have gradually returned to the office under certain safety measures. The Company still has some people working entirely remotely.





# Workforce

*SASCO people are crucial to delivering the Company's purpose and strategy and with the vision and mission to play a key strategic role in servicing the Kingdom.*

**The Group focuses on attraction, recruitment and development to help ensure that all employees have the required skills. In 2022, SASCO continued to build skills forecasts and capability plans in priority activities, such as IT solutions and automation for staff.**

SASCO employees collectively completed more than 3000 hours of formal learning in 2022 in addition to on-the-job learning, coaching and mentoring, and other informal learning opportunities available to the employees. Employee training goes beyond safety and compliance. It emphasises sustainability, digital agility and commercial skills,

bolstered by a core set of soft skills.

240 male and female employees benefited from training during 2022 in either soft or hard skill courses. Most have been carried out online. At the start of 2022, there was a training course including finance, leadership and marketing to improve staff performance. SASCO is also focusing on its leadership frame and talent management practices to promote the behaviours and skills required for the future of energy transition.

SASCO supports education and employability initiatives and invests in communities where it works. This helps to underpin future growth by expanding talent pipelines or established skillsets and newer ones. The Group also plans

to include internship opportunities for new employees selected to launch their careers at SASCO, thus simultaneously channelling new talent for the Group's future market development needs.

The Company monitors employee sentiment through the MENA-ME application. It allows employees to comment anonymously on suggestions or to provide comments. In addition, once the new head office is completed, the Group will have a focus group every Thursday to allow inter-department ideas to be exchanged or reviewed and for people to share comments and discussions.

SASCO created a transparent KPI system with an annual plan to achieve full and productive employment and decent work. Each manager can set monthly

targets and goals that engage the employees in terms of being part of the team and knowing their roles and goals.

The progress in raising the Saudization rate was recognized by receiving the Saudization award from the deputy minister of Saudization. SASCO also plans to participate in the 'Best Place to Work' award, which the Company will join next year once the new head office is completed.

With the new headquarters in 2023, the Group is giving its employees the facility to continue their fantastic work. Empower them to continue delivering in the most modern and enjoyable environments to the best of their ability. The Company's values inform how it does business, and the decisions

are made, including those related to sustainability. They are integral to the way SASCO recruits, develops, and performance manages its people.

The Company has set high ethical standards and behaves in ways that earn and maintain trust, including respecting colleagues and those the Company is doing business with. SASCO values and prioritises its people, both customers and employees and their thoughts.

The Company wants its approach to sustainability to be targeted, collaborative and in line with the Kingdom's 2030 Vision. All SASCO people support its aims, which will take the Company further and focus the efforts where it can make the greatest difference.

## Workforce analysis

	2022	2021
Total number of employees	3373	3123
% of female employees	3.8	4
% of Saudi employees	13	14.7
No. of employees departed	323	285
Turnover ratio	10.3	12

## Employees by age and gender

Age group	Male		Female		Total	
	2022	2021	2022	2021	2022	2021
18-30 years	1740	1754	49	36	1789	1790
31-40 years	1040	785	57	64	1097	849
41-50 years	359	339	18	21	377	360
Over 51 years	103	119	5	5	108	124

## Service analysis of the workforce

Number of years of service	Male		Female	
	2022	2021	2022	2021
0-5 years	2870	2525	122	107
6-10 years	236	311	7	18
11-15 years	94	111	0	0
15-20 years	34	38	0	0
Over 20 years	10	13	0	0

## Employees by grade and gender

Grade	Male		Female	
	2022	2021	2022	2021
Senior management	1	1	0	0
Middle management	396	296	127	125
Other	2849	2700	1	1

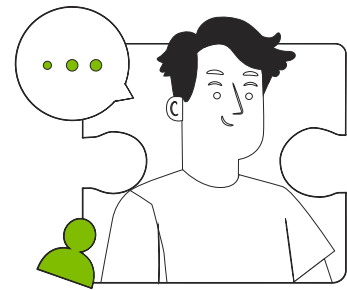


# Workforce (continued)



## The training program, participants and time

	2022	2021
NO. OF TRAINING PROGRAMS	28	20
TOTAL NO. OF PARTICIPANTS	1568	1474
TRAINING DAYS	370	280
HOURS SPENT ON TRAINING	3128	2516
NO. OF TRAINED STAFF	2	2



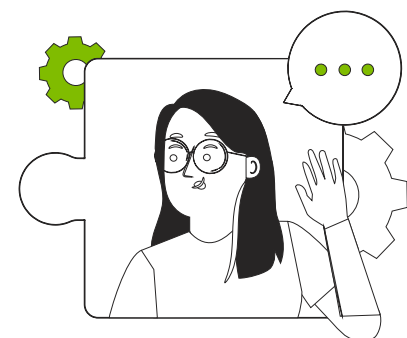
## Employees by category

	2022	2021
PERMANENT	0	0
CONTRACT	2537	2135
OUTSOURCED	836	988
TOTAL	3373	3123



## Total new hires by age group and gender

		2022	2021
18 to 30 years	MALE	1070	347
	FEMALE	22	16
	TOTAL	1090	363
Over 30 years	MALE	458	293
	FEMALE	11	13
	TOTAL	469	306



## Hours of Training by Grade

	Senior Management	Middle management	Other	Total
CENTRAL PROVINCE	1	291	1487	1779
SOUTH PROVINCE	0	37	223	260
EASTERN PROVINCE	0	52	418	470
NORTHERN PROVINCE	0	27	191	218
WESTERN PROVINCE	0	66	461	527
QASSIM PROVINCE	0	17	102	119

## Hours of training that the Company's employees have undergone during the year, by gender, employee category and skills type

	Number of employees			Number of person-hours of training		
	Male	Female	Total	Male	Female	Total
MANDATORY	1239	0	1239	3128	0	3128
NON-MANDATORY	3	1	4	5	5	5
ELEARNING	328	1	329	605	5	605

Type	Number of employees			Number of person-hours of training		
	Male	Female	Total	Male	Female	Total
SENIOR MANAGEMENT	0	0	0	0	0	0
MIDDLE MANAGEMENT	0	0	0	0	0	0
OTHER	1567	1	1568	3023	5	3023

	No. of persons trained	Hours of training
TECHNICAL SKILLS	1568	3133
SOFT SKILLS	150	300

# Workforce (continued)

## Compensation and Benefits. Remuneration Policy

*Successful implementation of the Company's business strategy and the fostering of the Company's long-term interests, including its sustainability, requires that the Company is able, through competitive remuneration in market terms, to recruit, incentivise and retain skilled employees.*

The total remuneration package must therefore be on par with the market, and competitive in the employee's field of profession and must be related to the employee's responsibilities, powers, and performance.

SASCO appreciates and recognises employee forcefulness, dedication, cooperation and priorities. The Compa-

ny has standards for compensation and benefits; experts collect data from the system and offer bonuses accordingly with KPIs from a specialised system for managing KPIs to help management in monthly reviews.

The Company's succession plan, compensation and benefits are reviewed annually based on performance and results.

The salary scale and structure are already in place, based on position banding with a minimum, mid and maximum.

SASCO has a manual and policy outlining salary structure based on position and experience levels. It yields a clear look into how much compensation and benefits account for overall operating expenses and can ensure that revenue

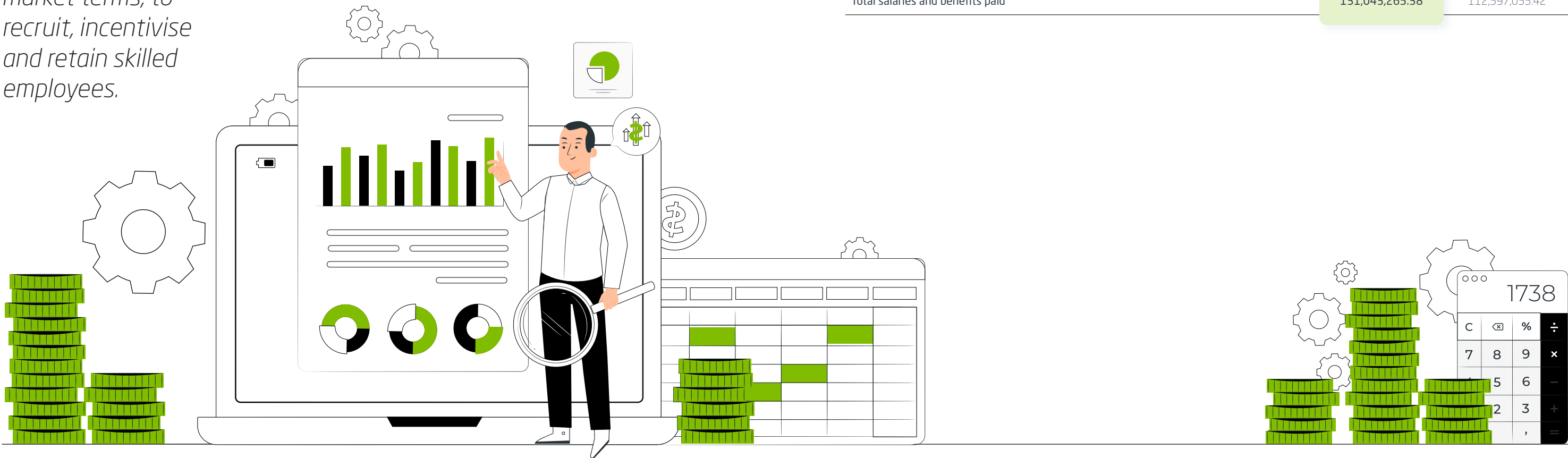
is sustained at a level to afford to compensate employees competitively.

The Company has also implemented a loyalty program for employees through a program called WALAA, and it is working to give discounts on its services, such as on fuel, car washes and in convenience stores for the employees. The e-wallet is also being rolled out to

allow employees to redeem points and discounts at fuel stations. Also, the Human Resource Program has initiatives covering some employees' transport and childcare.

### Salaries and Benefits

SAR Million	2022	2021
Salaries paid	83,292,390.3	73,671,704
Benefits paid	38,265,822.00	31,003,227
Social security Contributions	3,904,873.00	3,493,364
Staff Insurance	5,580,180.00	4,428,760
Total salaries and benefits paid	131,043,265.38	112,597,055.42



# Community Engagement

*SASCO's success as a business depends on a resilient society and a strong economy.*

As communities began to recover from Covid-19 in 2022, the importance of the Company's efforts to build a better society became more pronounced than ever.

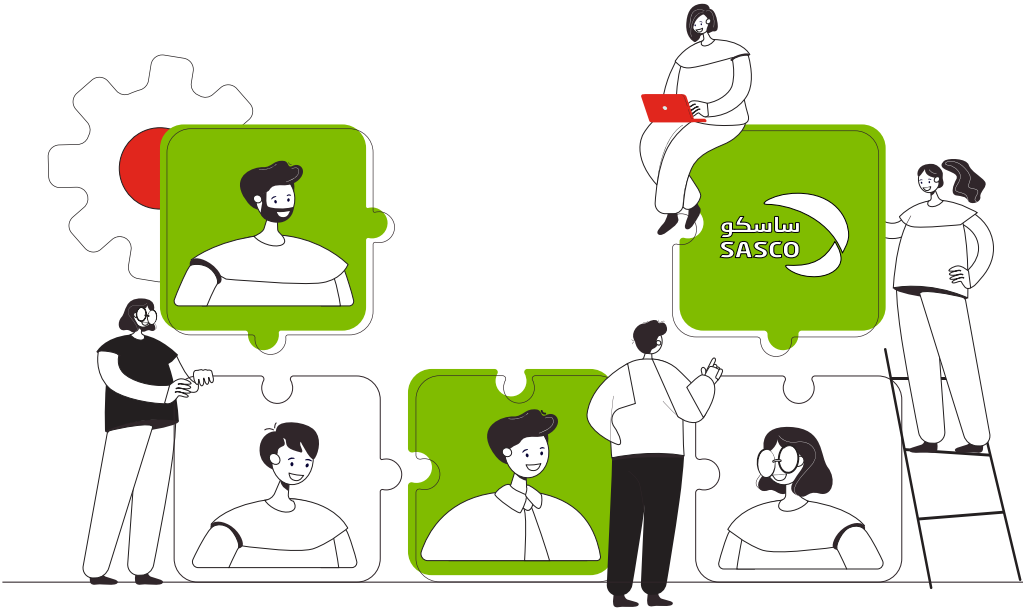
SASCO is committed to making the world better for future generations through environmental stewardship, social progress, and values-driven governance, in line with supporting the Country in achieving the goals of its 2030 vision. The Group recognises that encouraging, acknowledging, and promoting volunteerism and employee participation through community-driven activities and aligning with the Kingdom's Vision 2030, is an essential step toward achieving a more equitable and inclusive future for communities and the world.

The Company is an active and committed force for positive change in its community. SASCO applies its time, energy, and resources to support a wide range of worthy initiatives and recognises the importance of constant engagement with the citizens and residents of the regions where it operates. For example, SASCO improved its relationship with

the Saudi Government by re-fuelling all government vehicles, an agreement initiated last year but took off in 2022. SASCO also has a similar deal with Pepsi.

The Company's external social policy focuses on the interests of local communities and is based on the principles of constructive cooperation and a responsible partnership. When the Group plans new projects, it assesses the potential impacts of work on communities, looking at health, safety, security, and many environmental considerations such as water, air, and land.

Shared values and integrity connect SASCO's employees with the social environment. Part of the Company's social footprint is corporate volunteering activities, which SASCO have been nurturing for several consecutive years and through which the Group gives back to society through volunteer work, knowledge and the collection of material aid. SASCO is a major employer and taxpayer and contributes to maintaining a stable social and economic situation in most Kingdom's regions where the Group operates.



# Governance

*Note: This section provides a brief overview of the Company's corporate governance practices.*

A comprehensive description of SASCO's corporate governance arrangements, including further details on the structure of the Group, is set out in "The Governance of SASCO" (pages 102-137).

The chapter describes how SASCO is governed, the role of the Board and its committees, and how Directors are remunerated.

The Company aims to ensure best practice in corporate governance, and has

reliable policies and procedures in place that reflect this commitment.

The Corporate Governance Framework consists of 3 Board committees – the Executive Committee, Nomination and Remuneration Committee, and Audit Committee. The Board has ultimate responsibility for the management, general affairs, direction, culture, performance and long-term success of the business as a whole. The Directors lead by example, promoting SASCO's culture and acting with integrity.



# CORPORATE GOVERNANCE



# Corporate Governance

## REGULATIONS AND ACTIONS IMPLEMENTED

In 2009, the “Corporate Governance Regulations” document was established, which includes rules & regulations, along with, the set standards and control functionalities related to the management of the Saudi Automotive Services Company SASCO, in order to ensure the implementation of best practices to protect the rights of the shareholders and stakeholders. In 2013, the subject document was revised, in line with the updated Corporate Governance Guidelines issued by the Saudi Capital Market Authority.

In addition, during 2017, the Regulations were revised furthermore in accordance with the updated Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority, pursuant to Resolution No. (8-16-2017) dated 16/05/1438H corresponding to 13/02/2017, in line with the Corporate Law issued by Royal Decree No. M/3 dated 18/01/1437H.

In 2019, the Board of Directors approved the updated version No. (4). The updates were based on the amendments made to the Corporate Governance Regulations by the Board of the Capital Market Authority on 20 May 2019. The same document is available to be viewed on the Company's website ([www.sasco.com.sa](http://www.sasco.com.sa)).

## SASCO'S INTERNAL CONTROL

Internal control is essential in any company's oversight system to help it reduce risks and increase the possibility of achieving its goals. According to the Committee of Sponsoring Organizations(COSO)'s framework, all employees are responsible for internal control.

Internal control is a designed process that is affected by the management and all the people involved in the management of a company. Through this process, the achievement of the following goals shall be reasonably confirmed:

- Effectiveness and efficiency of operations.
- Reliability of financial reports.
- Commitment to relevant laws and instructions.

According to COSO's framework, internal control encompasses the five following essential components:

- Control Environment: It is the base of all the other internal control components.
- Risk Assessment: Identifying and analysing risks related to achieving the Company's goals, as well as forming specific bases for risk management.
- Information and Communication: The information system related to financial reports, including the accounting system, includes accounting methods used to process the Company's operations (registration, classification, summarising, and reporting). The information generated by the system impacts the management ability to take appropriate measures aiming to monitor the Company's activities and prepare reliable financial reports. This system includes providing means to understand roles and individual responsibilities related to internal control over financial reports.
- Monitoring Activities: These activities are policies and measures that help ensure the implementation of the management instructions. These measures are taken to assess the risks related to achieving the Company's goals. Monitoring activities have many objectives applied on many regulatory and functional levels. More particularly, control measures and activities related to financial policies include many steps, most importantly:
  - Checking the company's performance.
  - Data processing.
  - Control measures that rely on physical presence.
  - Separation of responsibilities and clear identification of powers.
- Follow-up and update monitoring measures and activities: This procedure consists of assessing the performance of internal control with time. It includes thoroughly identifying, implementing, assessing, and updating the control measures and activities, and taking any necessary corrective measures at the right time. This is achieved through continuous activities, independent assessment, or both. In addition to that, the internal auditor or other individuals handling this procedure at the Company contribute to monitoring the internal performance. Controlling monitoring activities may include using information from external sources, such as customers' complaints, control authorities' comments pointing out problems or receiving red flags on matters that need addressing.



# Corporate Governance (continued)

## SUBSIDIARIES

The following table summarises SASCO subsidiaries, the reason for their establishment, and their incorporation status:

Name of subsidiary	Commercial Registration #	Headquarters and Country of Incorporation	Principle field of activity	Direct & indirect shareholding (%)	
				31 December 2022	31 December 2021
<b>FLEET TRANSPORTATION COMPANY</b> Paid up Capital - SAR 5,000,000	1010283443	Riyadh, Kingdom of Saudi Arabia	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%
<b>SAUDI AUTOMOBILE CLUB COMPANY</b> Paid up Capital - SAR 500,000	1010197186	Riyadh, Kingdom of Saudi Arabia	Participation in the local international clubs for cars and motorcycles, local and international bodies interested in automobile affairs, issuing cars' customs traffic document (TripTik), international driving licenses, establishing, managing, maintaining and operating motorsports and motorcycle circuits, and holding races and events related to motorsports and motorcycles	100%	100%
<b>AUTOMOBILE AND EQUIPMENT INVESTMENT COMPANY LIMITED</b> Paid up Capital - SAR 500,000	1010284946	Riyadh, Kingdom of Saudi Arabia	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%
<b>THE FIRST PALM COMPANY</b> Paid up Capital - SAR 500,000	1010356035	Riyadh, Kingdom of Saudi Arabia	General contracting for buildings (construction, repair, demolition, restoration), construction, management and operation, maintenance of residential and commercial buildings and road works.	100%	100%
<b>SASCO PALM COMPANY</b> Paid up Capital - SAR 500,000	1010302217	Riyadh, Kingdom of Saudi Arabia	Catering, retail 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%

Name of subsidiary	Commercial Registration #	Headquarters and Country of Incorporation	Principle field of activity	Direct & indirect shareholding (%)	
				31 December 2022	31 December 2021
<b>SASCO OASIS COMPANY</b> Paid up Capital - SAR 5,000,000	1010309488	Riyadh, Kingdom of Saudi Arabia	Hotel's hospitality as per the license of the General Authority for Tourism and National Heritage.	100%	100%
<b>ZAITI PETROLEUM SERVICES COMPANY</b> Paid up Capital - SAR 37,500,000	1010236767	Riyadh, Kingdom of Saudi Arabia	Retail of car and motorcycle fuel (fuel stations).	100%	100%
<b>SASCO INVESTMENT FRANCHISE COMPANY</b> Paid up Capital - SAR 500,000	1010434138	Riyadh, Kingdom of Saudi Arabia	Providing marketing services on behalf of third parties.	100%	100%
<b>NAKHLA PROPERTIES COMPANY</b> Paid up Capital - SAR 100,000	1010647886	Riyadh, Kingdom of Saudi Arabia	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%
<b>NORTH FRONT REAL ESTATE COMPANY</b> Paid up Capital - SAR 100,000	010671792	Riyadh, Kingdom of Saudi Arabia	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%
<b>NAFT SERVICES COMPANY LIMITED</b> Paid up Capital - SAR 5,000,000	4030060592	Riyadh, Kingdom of Saudi Arabia	Operation of fuel stations and related activities.	80%	-

# Corporate Governance (continued)

## SASCO'S ROLES AND RESPONSIBILITIES

Even though all individuals at the Company assume their share of responsibility for internal control, the Board of Directors is the body responsible for the Company's internal control. The Chief Executive Officer has the ultimate responsibility for the oversight system.

- Internal control is provided by many parties, each assuming an important part of responsibility. The Board of Directors (directly or through its committees), the management, the internal auditors, and other employees greatly contribute to providing an effective internal control system.
- The Board of Directors' Audit Committee, on behalf of the Board of Directors, regularly evaluates the effectiveness and efficiency of internal control systems based on auditing operations undertaken by external auditors. The Board is regularly informed about control matters (including risk management). Also, the Board confirms the adequacy of the existing effective internal controls at the company based on the Audit Committee's recommendations and advice.

## Most Important Tools and Methods used in the Annual Audit of the Effectiveness of Internal Control Departments' Monthly Report includes Key Performance Indicators (KPIs)

- |   |  |
|---|--|
| 1. Analysis comparing budget with actual results and reasons behind deviations. | 11. Establishing a supply plan.                                  |
| 2. Percentage of sites achieving the budget.                                    | 12. Designing and implementing a periodic maintenance programme. |
| 3. Fuel cuts.   | 13. Achieving the targeted expansion numerically.                |
| 4. Service-related customers' complaints.                                       | 14. Achieving the targeted financial performance.                |
| 5. Unannounced field visits.  | 15. Developing a marketing plan.                                 |
| 6. Operation licenses.  | 16. New products and alliances.                                  |
| 7. Daily deposits.  | 17. Recruitment and appointment.                                 |
| 8. Staff training.  | 18. Safety and Security.   |
| 9. Correcting products' display methods.  | 19. Monitoring inventory and properties.                         |
| 10. Food supply cuts.   |  |



# Corporate Governance (continued)

## Periodic Audit of Financial and Accounting Procedures and Financial Reporting Operations

SASCO ensures the integrity of the financial and accounting procedures in coordination with the external auditor and according to commonly accepted professional standards and relevant laws regulating financial and accounting practices and preparing reports periodically.

## PROCEDURES UNDERTAKEN BY THE AUDIT COMMITTEE

In 2020, the Committee examined SASCO's internal control regulations to make sure they are efficient. It also studied, reviewed, and analysed the main operational, financial, and administrative risks that SASCO may face. The committee also evaluated the required solutions to ensure the safety of the Company's operations. The audit process was implemented in a periodic and continuous manner.

In light of this study, and while going through the financial reports prepared by the Internal Audit Department, the Committee's examination covered the main activities of SASCO and its various departments in general. Moreover, the results of the examination of internal control systems – at the level of the Company, as well as its management and operations - showed no fundamental deficiency that requires disclosure in these systems. On the other hand, the Committee provided some observations and improvement opportunities that were included in the internal audit reports and presented to the Company's executive management. Corrective plans were also agreed upon with the executive management to address the Committee's observations. In addition, the audit results indicated that the Risk Management Department has set procedures to identify and assess risks, as well as other regulations to manage these risks in a transparent and timely manner, ensuring the safety of SASCO's operational and financial activities.

## During the fiscal year 2022, the Audit Committee carried out activities within its scope of competence, most notably:

- Studying SASCO's initial and annual financial statements before their submission to the Board of Directors, in addition to commenting and making recommendations thereabout to ensure their integrity, fairness, and transparency.
- Studying the implemented accounting policies, as well as the accounting estimates related to the fundamental issues mentioned in SASCO's financial reports, in addition to commenting and making recommendations thereabout to the Board of Directors.

- Studying, reviewing and evaluating SASCO's internal and financial control, and risk management systems.
- Studying the internal audit plan and reports, following up the implementation of corrective measures for the observations covered thereby, in addition to monitoring and supervising the performance and activities of the internal auditor and the Company's Internal Audit Department.
- Advising the Board of Directors to appoint and dismiss auditors, as well as determining their fees, and evaluating their performance after verifying their independence and reviewing their work, their contract terms, and the Company auditor's plan and work.
- Reviewing the results of the reports drafted by the regulatory authorities and verifying that the company has taken the necessary actions in this regard.
- Verifying the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and transactions proposed to be conducted by the Company with related parties and submitting its observations thereon to the Board of Directors.
- Raising the issues deemed necessary to be addressed to the Board of Directors, and making recommendations related to actions to be taken.
- In turn, the Company works on finalising all the recommendations of the Audit Committee in a timely manner.

## CONTRADICTING THE AUDIT COMMITTEE RECOMMENDATIONS

Since there is no contradiction between the Audit Committee and the Board decisions regarding the appointment and dismissal of the Company's auditors, as well as determining their fees, and evaluating their performance, or evaluating the internal auditor, the Audit Committee shall select the external auditor to review the Company's financial statements for the fiscal year 2023, along with the quarterly financial statements. His fees shall be determined according to the Company bylaws.

# Corporate Governance (continued)

## INTERNAL AUDIT

It is an objective and independent activity that provides assurance and advisory services aiming at adding value and developing the Company's operations by evaluating and submitting recommendations relevant to the oversight system, governance, and risk management. The Internal Audit Department has developed a risk-based audit plan in coordination with the Audit Committee, the management and the departmental officials. Subsequently, a work plan for internal audit has been developed, seeking to determine the priorities of the activities subject to audit.

### The (risk-based) internal audit plan included the following objectives:

- Evaluate the effectiveness and efficiency of the internal control system and processes.
- Ensure compliance with the Company's laws, regulations, policies, processes, and contracts.
- Ensure the preservation of the Company's assets.
- Ensure the reliability and integrity of financial and operational information.
- Compare the Company's current practices with the best practices adopted.
- Identify the available opportunities to enhance the internal control of activities and operations.
- Verifying the fairness and integrity of the financial reports.

All (field and periodic) audit reports submitted to the Board, senior management, and various departments included observations and weaknesses related to internal control procedures in the audited departments or operations, along with their potential impact on the integrity of SASCO's business processes and transactions, while focusing on high-value activities because of 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 risk, while an effective control system reduces the probability of such risks. In addition to that, every report included all recommendations on how to deal with these observations to raise the level of internal control procedures.

### The most important focal points in internal audit reports are the following:

- Evaluate the efficiency and effectiveness of the performance of fuel stations, real estate management, inventory control, physical inventory, notes and recommendations.
- Align departmental plans with SASCO-wide objectives.
- Verify that fixed assets represent actual values owned by SASCO.
- Provide the necessary and adequate resources and skills to support business.
- Provide IT facilities and services that support SASCO's strategic objectives and preserve its competitive features.
- Follow up on quarterly inventory mechanism and bugs in the current automated software.

### The most important focal points in internal audit reports are the following:

- Ensure the scheduling of operations to guarantee sufficient quantities of stocks.
- Ensure that available cash covers the continuity of planned operations.
- Announce SASCO's bylaws, instructions, and policies conspicuously.
- Train current employees to perform multiple tasks.
- Provide periodic/preventive maintenance programmes for equipment and vehicles.
- Follow-up of the expiration dates of operating licenses regularly.
- Check security and safety procedures.
- Ensure the availability of financial analysis of the cash flow statement to make adequate financial and administrative decisions.
- Avoid supply stoppage to a minimum.
- Ensure that contracts for all tenants are registered and are compatible with the Company's conditions, objectives, and plan.

## Formation of the Board

The current Board of Directors is undertaking the management of the company for the thirteenth session as of 30/06/2021 for a period of three years ending on 29/06/2024.

## MEMBERS CLASSIFICATION

	Name	Position	Membership classification
1	MR. IBRAHIM MOHAMMED AL-HADITHI	Chairman of the Board of Directors Chairman of the Executive Committee	Non-Executive
2	MR. SULTAN BIN MOHAMMED AL-HADITHI	Vice Chairman – Managing Director Member of the Executive Committee	Executive
3	MR. NASSER BIN ABDULLAH AL-AUFI	Board Member	Non-Executive
4	MR. MAJED MOHAMMED L-OTHMAN	Member of the Board of Directors Member of the Remuneration and Nomination Committee	Non-Executive
5	MR. RIYAD SALEH AL-MALIK	Board Member Member of the Executive Committee – Chief Executive Officer	Executive
6	MR. ALI BIN MOHAMMED ABA AL-KHAIL	Board Member Chairman of the Remuneration and Nomination Committee	Independent
7	MR. SULAIMAN BIN ABDULAZIZ ALZABEN	Board Member – Member of the Remuneration and Nomination Committee	Independent
8	MR. MAJID NASSER AL-SUBAIE	Board Member Chairman of the Audit Committee	Independent
9	MR. YOUSEF BIN HAMAD AL-YOUSIFI	Board Member	Independent

# Corporate Governance (continued)

## EXECUTIVE COMMITTEE

### Terms and Responsibilities

- Study the strategic and operational plans and budgets of the company and express opinions/recommendations 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 competence of the Managing Director and CEO of the Company, and 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.
- Study the proposals submitted by the company's management related to achieving the company's objectives or its administrative, financial and operational work and take a decision that enables the executive management to speed up implementation or submit to the Board what the Committee deems necessary.
- Define the investment objectives and investment policies of the company, including:
  - Invest in Assets that are allowed to be invested in accordance with the applicable statutory restrictions.
  - Identify asset types.
  - Long-term policies and objectives related to investments, determining risk tolerances, diversification of assets and investment currencies, and indicating between investing internally and externally.
  - Determine the nature of investment management arrangements and their recommendations.
  - Appointing managers and trustees of investment portfolios and evaluating their performance periodically. Determine how and how often performance analysis is measured.
  - Approving the various investment operations according to the specified investment policy, and 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.
- Concluding short- and long-term investment agreements, facilities and loan agreements within the limits.
- Follow up on the implementation and development of the company's organizational structures and decisions that ensure the efficiency of the implementation and development process.
- 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 controls 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 limits.
- Carrying out the tasks assigned by the Board or the Chairman for study or implementation.

### Major Achievements:

- Follow up on the financial and operational performance of the company and its subsidiaries.
- Evaluate the company's investments and liquidity and submit recommendations thereon to the Board of Directors.
- Follow up on the project of selling some of the company's sites and re-renting/leasing them until the completion of the signing and implementation of the contract.
- Recommendation on banking facilities agreements.
- Studying the investment opportunities available to the company.
- Follow up on the development and launch of the company's identity.
- Follow up on the objectives and recommendations of the strategic plan of the company and its subsidiaries.
- Follow up on the corrective actions of the evaluation report of the Board of Directors and its committees.
- Follow up on the company's lands and sites with the related authorities.
- Follow up on the acquisition of new locations of the company.
- Follow up on the implementation of the company's new headquarters.
- Follow up on the implementation of the company's projects.
- Follow up on the company's legal issues.
- Approving the estimated budget of the company and its subsidiaries and submit recommendations to the Board of Directors for approval.
- Approval of the Committee's plan for 2023 by the Board of Directors.

### Meetings

The following table shows the attendance record of the Executive Committee meetings during 2022, as follows:

		Number of meetings (4) meeting				Attendance %
Member Name		Meeting No (1) 12/04/2022	Meeting No (2) 10/08/2022	Meeting No (3) 04/09/2022	Meeting No (4) 18/12/2022	
1	MR. IBRAHIM BIN MUHAMMAD AL-HADITHI Chairman of the Committee	✓	✓	✓	✓	100%
2	MR. SULTAN BIN MUHAMMAD AL-HADITHI Committee member	✓	✓	✓	✓	100%
3	MR. RIYAD BIN SALEH AL-MALIK Committee member	✓	✓	✓	✓	100%

✓ Attended



# Corporate Governance (continued)

## AUDIT COMMITTEE

It includes the follow members from outside the Board of Directors:



**Dr. Abdullah Sagheer Al-Husseini**

*Dr. Abdullah Sagheer Al-Husseini  
Member of the Audit Committee  
(Outside the Board)*

### Qualifications and Experience:

Bachelor of Accounting from the College of Economics and Administration at King Abdulaziz University, Master of Accounting from the College of Administrative Sciences at King Saud University, PhD in Financial Accounting and Auditing, Member of the Saudi Organization for Certified Public Accountants, Member of the American Accounting Group, Member of the Saudi Institute of Internal Auditors, Professor at the College of Business Administration at Prince Sultan National University, he has been a member of the boards of directors of companies and chaired many audit committees and their membership and other committees emanating from the boards of directors of many companies in addition to experiences Various Consulting services.

### Current Positions

- Professor at the College of Business Administration, Prince Sultan University.

### Previous Positions

- Financial Manager.
- Financial advisor.
- Accountant and auditor



**Mr. Ali M. Al-Hadithi**

*Member of the Audit Committee  
(Outside the Board)*

### Qualifications and Experience:

Bachelor of Business Administration from the University of Arizona, majoring in Finance, diverse experience in several consulting and investment companies, participation in many initiatives related to Vision 2030 in a number of government ministries, participation in business analysis and development for a number of government ministries and the private sector, investment consultant and analyst for a number of core projects for some private sector companies, member of the Board of Directors of Nahaz Investment Company and member of the Executive Committee and Audit Committee.

### Current Positions

- Member of the Board of Directors of Nahaz Investment Company.
- Member of the Executive Committee and the Audit Committee of Nahaz Investment Company.
- Director of Business Development Department at Nahaz Investment Company.

### Previous Positions

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

## Terms and Responsibilities

- Study the interim and annual financial statements of the company before presenting them to the Board of Directors and express opinion and recommendation to ensure its integrity, fairness and transparency.
- Provide a technical opinion - at the request of the Board of Directors - on whether if the Board of Directors' report and the Company's financial statements are fair, balanced and understandable, and include information that allows shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- Study any important or unusual issues included in the financial reports.
- 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 company's internal and financial control and risk management systems.
- Study internal audit reports and follow up the implementation of corrective actions to the observations contained therein.
- Provide a recommendation to the Board of Directors regarding the need for an internal auditor in the company.
- Recommending to the Board of Directors the appointment of the Director of the Internal Audit Department or the Internal Auditor and propose his remuneration.
- Control and supervise the performance and activities of the internal auditor and the internal audit department in the company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted to it.
- Recommending to the Board of Directors the nomination of auditors, their dismissal, determining their fees and evaluating 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 the 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 on it.
- Answering the inquiries of the company's auditor.
- Study the auditor's report and his observations on the financial statements and follow up on what has been taken in this regard.
- Review the results of the reports of the regulatory authorities and verify that the company has taken the necessary measures in this regard.
- Verifying the company's compliance with the relevant laws, regulations, policies and instructions.
- Review the contracts and transactions proposed to be conducted by the company with related parties and submit its views to the Board of Directors.
- Submit any issues it deems necessary to act on to the Board of Directors, and make recommendations for the actions to be taken.

# Corporate Governance (continued)

## AUDIT COMMITTEE (CONTINUED)

### Main Achievements

- Prepare the annual audit committee report and submit it to the general assembly of the company's shareholders.
- Follow up on the risk assessment reports and provide recommendations.
- Study the annual and quarterly financial statements, the observations of the external audit, and provide the necessary recommendations.
- Ensure the independence of the external auditor of the company.
- Study the proposals of the audit agencies and recommend the nomination of the auditor for the company and its subsidiaries.
- Review the structure of the Internal Audit Department and provide recommendations.
- Follow up on the corrective actions of the evaluation report of the Board of Directors and its committees.
- Follow up the company's internal audit work plan.
- Review the achievements of the Internal Audit Department's Procedures Manual.
- Review the various internal audit reports and provide recommendations.

### Meetings

The following table shows the attendance record of the meetings of the Audit Committee during the year 2022, as follows:

		Number of meetings (4) meeting									Attendance %
	Member Name	Meeting No. (1) 16/02/2022	Meeting No. (2) 06/03/2022	Meeting No. (3) 20/04/2022	Meeting No. (4) 24/05/2022	Meeting No. (5) 18/08/2022	Meeting No. (6) 05/10/2022	Meeting No. (7) 26/10/2022	Meeting No. (8) 11/12/2022	Meeting No. (9) 26/12/2022	
1	MR. MAJID NASSER AL-SUBAIE Chairman of the Committee	✓	✓	✓	✓	✓	✓	✓	✓	Apologized	88.89%
2	DR. ABDULLAH SAGHEER AL-HUSSEINI Member from outside the Board	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
3	MR. ALI M. AL-HADITHI Member from outside the Board	✓	Apologized	✓	Apologized	✓	✓	Apologized	✓	✓	66.67%

✓ Attended      \* Audit Committee Meeting No. (5, 6, 7) was held virtually and the rest of the meetings were in person.



# Corporate Governance (continued)

## NOMINATION AND REMUNERATION COMMITTEE

### Terms and Responsibilities

- Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the executive management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in that policy the adoption of standards related to performance, disclosure, and verification of their implementation.
- Clarify the relationship between the bonuses 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.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees and senior executives in accordance with the approved policy.
- Proposing clear policies and criterias for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and standards, taking into account that no person has previously been previously convicted of a breach of trust shall be nominated.
- Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and filling executive management positions.
- Determine the time that the member must allocate for the work of the Board of Directors.
- Annual review of the necessary needs for skills or experience appropriate to the membership of the Board of Directors and executive management functions.
- Review the structure of the Board of Directors and executive management and provide recommendations on changes that can be made.
- Verfiy annually the independence of independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company.
- 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 member of the Board of Directors or senior executives.
- Identify the weaknesses and strengths of the Board of Directors, and propose solutions to address them in accordance with the interest of the company.

### Main Achievements

- Ensure the independence of the members of the Board of Directors.
- Periodic review of the structure of the Board of Directors.
- Periodically review the structure of the executive management and make recommendations thereon.
- Review the remuneration policy of board members, committees emanating from the board and senior executives.
- Review the employee incentives, rewards and commissions policies manual.
- Review the succession plan document on the company's management.
- Follow up on the corrective actions of the evaluation report of the Board of Directors and its committees.
- Recommending the appointment of some leadership positions in the company.
- Recommendation regarding the payment of remuneration to the members of the Board of Directors.
- Approving the company's rewards and incentives for the year 2021.
- Approval of the Committee's plan for 2023 by the Board of Directors.

### Meetings

The following table shows the attendance record the Audit Committee during meetings the year 2022, as follows:

		Number of meetings (4) meeting				Attendance %
Member Name		Meeting No (1) 01/03/2022	Meeting No (2) 12/05/2022	Meeting No (3) 18/10/2022	Meeting No (4) 12/12/2022	
1	MR. ALI BIN MOHAMMED ABA AL-KHAIL Chairman of the Committee	✓	✓	Apologized	✓	75%
2	MR. MAJED MOHAMMED AL-OTHTMAN Committee Member	✓	✓	✓	✓	100%
3	MR. SULIMAN BIN ABDULAZIZ AL-ZABEN Committee Member	✓	✓	✓	✓	100%

✓ Attended

\* Audit Committee Meeting No. (5, 6, 7) was held virtually and the rest of the meetings were in person.

## OWNERSHIP OF SUBSTANTIAL SHARES

The following table shows the entities that own substantial shares in the company and the changes during the year 2022, as follows:

Name		Starting Period	Change	31 December 2022	% change
1	MR. IBRAHIM MOHAMMED AL-HADITHI	10.35% (6.210.084 shares)	-	10.35% (6.210.084 shares)	-
2	NAHAZ COMPANY FOR COMMERCIAL INVESTMENT	7.26% (4.353.384 shares)	-	7.26% (4.353.384 shares)	-

\* Acknowledgment: With regard to notifications related to the ownership of large shares and their change during the year, Saudi Automotive Services Company (SASCO) informed that it did not receive any requests stating that their ownership changed during the year. The company relies on monitoring information based on the information of the Saudi Stock Exchange Company (Tadawul).

# Corporate Governance (continued)

## A STATEMENT OF THE NAMES OF COMPANIES INSIDE AND OUTSIDE THE KINGDOM IN WHICH THE BOARD MEMBER IS A MEMBER OF THE CURRENT AND FORMER BOARDS OF DIRECTORS OR ONE OF THEIR HIGH MANAGEMENT POSITIONS.

The following table shows the names of companies inside and outside the Kingdom in which a member of the Board of Directors is a member of its current and previous boards of directors or one of its high management positions, as follows:

Companies in which a member of the Board of Directors is a member of the current boards of directors or one of its high management positions				Companies in which a member of the Board of Directors was a member of its previous boards of directors or one of its high management positions		
Member Name	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution
MR. IBRAHIM BIN MUHAMMAD AL-HADITHI	Najmat Al Madaen Group Company	In the Kingdom	Unlisted	Solidarity Company	In the Kingdom	Listed
	Akwan Real Estate Company	In the Kingdom	Unlisted	Daken Advertisement Company	In the Kingdom	Limited Liability
	Ibrahim Mohammed Al-Hadithi Investment Company	In the Kingdom	Unlisted	Nahaz Investment Company	In the Kingdom	Unlisted
	Zawaya Real Estate Company	In the Kingdom	Unlisted			
	Bilda company for Specialized Commercial Complexes	In the Kingdom	Unlisted			
	Mulkia Investment Company	In the Kingdom	Unlisted			
	Saudi Finance Company	In the Kingdom	Limited Liability			
	Naft Services Company	In the Kingdom	Unlisted			
MR. SULTAN BIN MUHAMMAD AL-HADITHI*	Najmat Al Madaen Group Company	In the Kingdom	Unlisted	Saudi Chemical Company	In the Kingdom	Listed
	Zawaya Real Estate Company	In the Kingdom	Unlisted	Najma Projects company	In the Kingdom	Limited Liability
	Nahaz Investment Company	In the Kingdom	Unlisted	National Real Estate Group	In the Kingdom	Limited Liability
	Mulkia Investment Company	In the Kingdom	Unlisted	Ibrahim Mohammed Al-Hadithi Investment Company	In the Kingdom	Unlisted
	Middle East Batteries Company	In the Kingdom	Limited Liability	United Wire Factories Company	In the Kingdom	Listed
	Thakher Real Estate Development Company	In the Kingdom	Limited Liability	Daken Advertisement Company	In the Kingdom	Limited Liability
	Mulkia Trading Company	In the Kingdom	Limited Liability			
	Mulkia Investment Limited Company	In the Kingdom	Limited Liability			

Companies in which a member of the Board of Directors is a member of the current boards of directors or one of its high management positions				Companies in which a member of the Board of Directors was a member of its previous boards of directors or one of its high management positions		
Member Name	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution
MR. SULTAN BIN MUHAMMAD AL-HADITHI* (CONTINUED)	Mulkia Real Estate Fund Limited Company	In the Kingdom	Limited Liability			
	Mulkia Investment Limited Company	In the Kingdom	Limited Liability			
	Mulkia Fund Investments Limited Company	In the Kingdom	Limited Liability			
	Marib Development and Real Estate Investment Company	In the Kingdom	Limited Liability			
	Knowledge & Childhood Investment Company	In the Kingdom	Limited Liability			
	Tmdon First Real Estate Company	In the Kingdom	Limited Liability			
	Tamdeen First Real Estate Company	In the Kingdom	Limited Liability			
	Arzak Agricultural Company	In the Kingdom	Limited Liability			
	Dur AlkuttabLtd Co.	In the Kingdom	Limited Liability			
	Automotive and Equipmen Investment Company	In the Kingdom	Limited Liability			
	Ostool Alnaqil Company	In the Kingdom	Limited Liability			
	Nakhlah Company SASCO	In the Kingdom	Limited Liability			
	Al Nakhla AlOula Company	In the Kingdom	Limited Liability			
	Saudi Automobile Association	In the Kingdom	Limited Liability			
	Zaiti Petroleum Services Company	In the Kingdom	Limited Liability			
	Oasis Company SASCO	In the Kingdom	Limited Liability			
	Imtiaz Company SASCO	In the Kingdom	Limited Liability			
	Amlak Nakhla Real State Company	In the Kingdom	Limited Liability			
	North Front Real Estate Company	In the Kingdom	Limited Liability			
	Naft Services Company	In the Kingdom	Unlisted			

# Corporate Governance (continued)

Companies in which a member of the Board of Directors is a member of the current boards of directors or one of its high management positions				Companies in which a member of the Board of Directors was a member of its previous boards of directors or one of its high management positions		
Member Name	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution
MR. NASSER BIN ABDULLAH AL-AWFI	United Cement Company	In the Kingdom	Unlisted	Al Jouf Agricultural Company	In the Kingdom	Listed
	Mekayal Financial Technologies Company	In the Kingdom	Unlisted	Takaful Alrajhi Company	In the Kingdom	Listed
	x	In the Kingdom		Food products company	In the Kingdom	Listed
R. MAJID BIN MOHAMMED AL-OTHTMAN	Najmat Al Madaen Group Company	In the Kingdom	Unlisted	Zaiti Petroleum Services Company	In the Kingdom	Unlisted
	Zawaya Real Estate Company	In the Kingdom	Unlisted	Najmat Al Madaen Group Company for Car Services	In the Kingdom	Limited Liability
	Bilda company for Specialized Commercial Complexes	In the Kingdom	Unlisted	Daken Advertisement Company	In the Kingdom	Limited Liability
	Ibrahim Mohammed Al-Hadithi Investment Company	In the Kingdom	Unlisted			
	Naft Services Company	In the Kingdom	Unlisted			
	Najma Projects Company	In the Kingdom	Limited Liability			
	Fun Gate Company	In the Kingdom	Limited Liability			
MR. ALI BIN MUHAMMAD ABA AL-KHAIL	Sanad Investment Company	In the Kingdom	Unlisted	Iskan Development & Investment Company	In the Kingdom	Unlisted
	Eastern Investment Company	In the Kingdom	Unlisted			
MR. SULEIMAN BIN ABDULAZIZ AL-ZABIN	Maharah Human Resources Company	In the Kingdom	Unlisted	CEO of Deutsche Gulf Financing	In the Kingdom	Listed
				Waraq Company	In the Kingdom	Listed
				Chief Executive Officer of Al Rajhi Bank	In the Kingdom	Listed
				General Manager of International Banking at Al Rajhi Bank	In the Kingdom	Listed
				Deputy CEO of Al Rajhi Bank in Jordan	In the Kingdom	Listed

Companies in which a member of the Board of Directors is a member of the current boards of directors or one of its high management positions				Companies in which a member of the Board of Directors was a member of its previous boards of directors or one of its high management positions		
Member Name	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution	Company Name	In/Out Kingdom	Legal entity Listed/Unlisted/Limited Liability Contribution
MR. RIYAD BIN SALEH AL-MALIK*	Theeb car rental company	In the Kingdom	Unlisted	Tas'helat Marketing Company Ltd	In the Kingdom	Limited Liability
	Automotive and Equipmen Investment Company	In the Kingdom	Limited Liability	Sahl Transport Company	In the Kingdom	Limited Liability
	Ostool Alnaqil Company	In the Kingdom	Limited Liability	Sara Telecom Company	In the Kingdom	Limited Liability
	Nakhlah Company SASCO	In the Kingdom	Limited Liability	Al Furousia Trading & Services Co. Ltd	In the Kingdom	Limited Liability
	Al Nakhla AlOula Company	In the Kingdom	Limited Liability			
	Saudi Automobile Association	In the Kingdom	Limited Liability			
	Zaiti Petroleum Services Company	In the Kingdom	Limited Liability			
	Oasis Company SASCO	In the Kingdom	Limited Liability			
	Imtiaz Company SASCO	In the Kingdom	Limited Liability			
	Amlak Nakhla Real State Company	In the Kingdom	Limited Liability			
	North Front Real Estate Company	In the Kingdom	Limited Liability			
MR. MAJID BIN NASSER AL-SUBAIE	Nasser Bin Mohammed Al Subaie & Sons Investment Company	In the Kingdom	Unlisted			
	Riyadh Development Company	In the Kingdom	Listed			
MR. YOUSSEF BIN HAMAD AL-YOUSIFI	Saudi Postal Corporation	In the Kingdom	Government Entity	Leejam Sports Company	In the Kingdom	Unlisted
	General Corporation for Postal and Logistic Services (SPL)	In the Kingdom	Entity	Saudi Technology Investment Development Company	In the Kingdom	Unlisted
	Saudi Airlines Catering Company	In the Kingdom	Listed	Passport Capital Company	In the Kingdom	Limited Liability
	The Mediterranean and Gulf Insurance and Reinsurance Company (MEDGULF)	In the Kingdom	Listed	Jadwa Investment Company	In the Kingdom	Unlisted
	Saudi Fransi Capital Company	In the Kingdom	Listed	Bose & Co.	In the Kingdom	Listed
	Joa Capital Company	In the Kingdom	Listed	Schlumberger Company	In the Kingdom	Listed

\* The entire subsidiaries of the Saudi Automotive Services Company (SASCO). The board member does not receive any salaries, benefits or profits in return for his membership or management.



# Corporate Governance (continued)

## SHARE OWNERSHIP OF BOARD MEMBERS AND SENIOR EXECUTIVES

The following table shows the ownership of the members of the Board of Directors and senior executives of the company's shares (including the ownership of their spouses and minor children), as follows:

Ownership				
Member Name	Starting Period	Change	31 December 2022	Change %
1 MR. IBRAHIM MOHAMMED AL-HADITHI	6.210.084 share	757.196 share	6.967.280	12.19%
2 MR. SULTAN BIN MOHAMMED AL-HADITHI	share5.145	298.875 share	304.020	5.809%
3 MR. NASSER BIN ABDULLAH AL-AUFI	1.333 share	-	1.333 Share	-
4 MR. MAJED MOHAMMED AL-OTHTMAN	126.745 share	(125.634 share)	1.111 Share	99.12%
5 MR. RIYAD SALEH AL-MALIK	82.000 share	-	82.000 Share	-
6 MR. ALI BIN MOHAMMED ABA AL-KHAIL	1.333 share	-	1.333 Share	-
7 MR. SULAIMAN BIN ABDULAZIZ ALZABEN	-	-	-	-
8 MR. MAJID NASSER AL-SUBAIE	79.500 share	-	79.500 Share	-
9 MR. YOUSEF BIN HAMAD AL-YOUSIFI	-	-	-	-
10 MR. MOHAMMED ABU SAREE AL-DEEB	-	-	-	-
11 MR. ISLAM MOHAMED KHAIRY AHMED	-	-	-	-
12 MR. SAUD BIN SULAIMAN AL-OTAIBI	-	-	-	-

## SHAREHOLDERS' ASSEMBLIES DURING 2022

**Shareholders' Assemblies during 2022**  
**\*The first meeting on June 14, 2022 (via Virtual technology).**

### Names of the members of the Board of Directors attending the General Assembly meeting

Member Name	Title
1 MR. IBRAHIM MOHAMMED AL-HADITHI	Chairman of the Board of Directors Chairman of the Executive Committee
2 MR. SULTAN BIN MOHAMMED AL-HADITHI	Vice Chairman & Managing Director Member of the Executive Committee
3 MR. MAJED MOHAMMED AL-OTHTMAN	Board Member Member of the Remuneration and Nomination Committee
4 MR. RIYAD SALEH AL-MALIK	Board Member & CEO Member of the Executive Committee
5 MR. ALI BIN MOHAMMED ABA AL-KHAIL	Board Member Chairman of the Remuneration and Nomination Committee
6 MR. SULAIMAN BIN ABDULAZIZ ALZABEN	Board Member Chairman of the Remuneration and Nomination Committee
7 MR. MAJID NASSER AL-SUBAIE	Board Member Chairman of the Audit Committee
8 MR. YOUSEF BIN HAMAD AL-YOUSIFI	Board Member

### Apologized for a special circumstance

Member Name	Title
1 MR. NASSER BIN ABDULLAH AL-AUFI	Board Member

# Corporate Governance (continued)

## All agenda items were adopted as follows:

1. Approval of the Board of Directors' report for the fiscal year ending on 31 December 2022.
2. Approval of the auditor's report for the fiscal year ending on 31 December 2022.
3. Approval of the financial statements for the fiscal year ending on 31 December 2022.
4. Approval of the appointment of the Company's auditor (Ernst & Young Company) from among the candidates, based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the quarters (second, third and fourth) and annual of the fiscal year 2022, and the first quarter of the fiscal year 2023, and determine his fees.
5. Approved the discharge of the members of the Board of Directors from liability for the fiscal year ending on 31 December 2022.
6. Approval of the Board of Directors' recommendation to distribute (additional) cash dividends to shareholders with a total amount of SAR 15 million for the fiscal year ending on December 31, 2021 at a rate of SAR 0.25 per share, equivalent to 2.5% of the company's capital, provided that the eligibility is for shareholders who own shares at the end of trading on the day of the General Assembly and who are registered in the company's shareholders register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the maturity date, and the date of And the method of distributing profits later.
7. Approved the disbursement of (SAR 3,780,000) as remuneration to the members of the Board of Directors for the fiscal year ending on 31 December 2022.
8. Approved authorizing the Board of Directors to distribute interim dividends to shareholders on a semi-annual or quarterly basis for the fiscal year 2023.
9. Approve the authorization of the Board of Directors with the authority of the Ordinary General Assembly 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 the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions contained in the regulatory rules and procedures issued in implementation of the Companies Law for listed joint stock companies.
10. Approval of the business and contracts that will take place between SASCO and Nahaz Investment Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Mohammed Al-Hadithi and Mr. Sultan bin Muhammad Al-Hadithi, which is the lease of a site by the Transport Fleet Company (a subsidiary company) to lease a site from Nahaz Investment Company for an amount of (787.000 riyals annually) for a period of one calendar year, for the purpose of using it as a headquarters for the Transport Fleet Company and housing for labor, and there are no preferential conditions in these contracts.
11. Approval of the business and contracts that will take place between SASCO and Mulkia Investment Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Mohammed Al-Hadithi, Mr. Majid bin Mohammed Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi,

which is an investment portfolio management agreement in NCB Capital with a value of (50 million riyals) ending with a written notice between the two parties, and there are no preferential terms in these works and contracts.

12. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Nahaz Investment Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Mohammed Al-Hadithi and Mr. Sultan bin Muhammad Al-Hadithi, which is a lease contract for Zaiti Petroleum Services Company for two stations No. (1 and 2) from Nahaz Investment Company for an amount of (1.4 million riyals annually) for a period of ten years starting from 01/01/2018, renewable, and there are no preferential conditions in these works and contracts.
13. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Najmat Al-Madaen Real Estate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which is a lease contract for Zaiti Petroleum Services Company for Station No. (8) of Najmat Al-Madaen Real Estate Company for an amount of (300 thousand riyals annually) for a period of ten years starting from 29/04/2020, and there are no preferential conditions In these works and contracts.
14. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Najmat Al-Madaen Real Estate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which is a lease contract for Zaiti Petroleum Services Company for Station No. (10) of Najmat Al-Madaen Real Estate Company for an amount of (1 million riyals annually) for a period of ten years starting from 29/04/2020, and there are no preferential conditions In these works and contracts.
15. Approval of the busniesses and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Najmat Al-Madaen Real Estate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which is a lease contract for Zaiti Petroleum Services Company for Terminal No. (11) of Najmat Al-Madaen Real Estate Company for an amount of (350 thousand riyals annually) for a period of eight years starting from 01/05/2020, and there are no preferential conditions In these works and contracts.
16. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Nahaz Investment Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi and Mr. Sultan bin Muhammad Al-Hadithi, which are fuel purchases from Zaiti Petroleum Services Company by Nahaz Investment Company for a period of one calendar year, noting that the amount of dealing during the year 2021 amounted to 90.6 thousand riyals, and there are no preferential conditions in these works and contracts.

Corporate Governance (continued)

All agenda items were adopted as follows: (continued)

17. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Najmat Al-Madaen Group Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which are fuel purchases from Zaiti Petroleum Services Company by Najmat Al-Madaen Group Company for a period of one calendar year, noting that the amount of dealing during the year 2021 amounted to 220.9 thousand riyals, and there is no Preferential terms in these works and contracts.
18. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Zawaya Real Estate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which are fuel purchases from Zaiti Petroleum Services Company by Zawaya Real Estate Company for a period of one calendar year, noting that the amount of dealing during the year 2021 amounted to 16.6 thousand riyals, and there are no preferential conditions In these works and contracts.
19. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Fun Gate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which are fuel purchases from Zaiti Petroleum Services Company by Fun Gate Company for a period of one calendar year, noting that the amount of dealing during the year 2021 amounted to 40.5 thousand riyals, and there are no preferential conditions In these works and contracts.
20. Approval of the works and contracts that will take place between Zaiti Petroleum Services Company (a subsidiary) and Fun Gate Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Majid bin Muhammad Al-Othman and Mr. Sultan bin Muhammad Al-Hadithi, which is the lease of Fun Gate Company for residential rooms at Station No. (2) of Zaiti Petroleum Services Company for a period of one calendar year, noting that the amount of dealing during the year 2021 amounted to 50 thousand riyals, and there is no Preferential terms in these works and contracts.
21. Approval of the business and contracts that will take place between SASCO and Mulkia Investment Company, in which some members of the Board of Directors have an indirect interest, namely Mr. Ibrahim bin Muhammad Al-Hadithi, Mr. Sultan bin Muhammad Al-Hadithi and Mr. Majid bin Muhammad Al-Othman, which is a water supply agreement with Rogovi Company through an investment water fund for a period of three years starting from December 2020, and there are no preferential terms in these works 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 2022 is the first year of the auditor and includes the review of the company's financial statements for the fiscal year 2022 and the first quarter of the fiscal year 2023.

The recommendation of the Audit Committee will be submitted to the next General Assembly of Shareholders to select the Company's auditor among the candidates to examine, review and audit the quarterly and annual financial statements of the fiscal year 2023 and the first quarter of 2024, along with determining the fees.

BONUSES AND COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES  
Board members remuneration

The following statement shows what was disbursed to the members of the Board of Directors in the company during the year 2022, as follows (all amounts are in Saudi riyals):

Statement	Fixed Reward					Variable Reward							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	Indemnity
THE INDEPENDENT MEMBERS														
MR. ALI BIN MOHAMMED ABA AL-KHAIL	420,000	12,000	9,000	.	.	.	441,000	.	.	.	.	.	441,000	.
MR. SULAIMAN BIN ABDULAZIZ ALZABEN	420,000	12,000	12,000	.	.	.	444,000	.	.	.	.	.	444,000	.
MR. MAJID NASSER AL-SUBAIE	420,000	12,000	24,000	.	.	.	456,000	.	.	.	.	.	456,000	.
MR. YOUSEF BIN HAMAD AL-YOUSIFI	420,000	15,000	.	.	.	.	435,000	.	.	.	.	.	435,000	.
TOTAL	1,680,000	51,000	45,000	.	.	.	1,776,000	.	.	.	.	.	1,776,000	.
NON-EXECUTIVE MEMBERS														
MR. IBRAHIM MOHAMMED AL-HADITHI	420,000	15,000	12,000	.	.	** 12,000,000	12,447,000	.	.	.	.	.	12,447,000	.
MR. NASSER BIN ABDULLAH AL-AUFI	420,000	15,000	.	.	.	.	435,000	.	.	.	.	.	435,000	.
MR. MAJED MOHAMMED AL-OTHTMAN	420,000	15,000	12,000	.	.	.	447,000	.	.	.	.	.	447,000	.
TOTAL	1,260,000	45,000	24,000	.	.	** 12,000,000	13,329,000	.	.	.	.	.	13,329,000	.
EXECUTIVE MEMBERS														
MR. SULTAN BIN MOHAMMED AL-HADITHI	420,000	15,000	12,000	.	.	** 11,000,000	11,447,000	.	.	.	.	.	11,447,000	79,142
MR. RIYAD SALEH AL-MALIK	420,000	15,000	12,000	.	.	.	447,000	.	.	.	.	.	447,000	96,921
TOTAL	840,000	30,000	24,000	.	.	** 11,000,000	11,894,000	.	.	.	.	.	11,894,000	176,063

\* According to Part Two (Article Three) of the regulatory controls and procedures issued in implementation of the companies' system for listed joint-stock companies issued by the Capital Market Authority, and based on the company's remuneration policy, an annual bonus is paid to the managing director (in return for the business and executive and administrative positions assigned to him in the company as a managing director). 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.

\*\*The bonus includes an exceptional reward for the team working in the process of acquiring 80% of the capital of the Naft Services Company LTD.

# Corporate Governance (continued)

## SENIOR EXECUTIVE BONUSES

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 2022, as follows (all amounts are in Saudi riyals):

Senior executive positions	Fixed Reward				Variable Reward				Total	End of service remuneration	The total remuneration of the executives on behalf of the Board, if any	Grand Total
	Salaries	Allowances	Benefits	Total	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares			
CEO	1,512,000	537,600	-	2,049,600	**4,253,563	-	-	-	-	4,253,563	170,567	6,473,730
CFO	560,000	196,000	-	756,000	**532,079	-	-	-	-	532,079	67,640	1,355,719
COO	705,000	262,350	-	967,350	**1,135,227	-	-	-	-	1,135,227	81,891	2,184,468
CHRO	492,444	172,536	-	664,980	-	-	-	-	-	-	25,424	690,404
GENERAL MANAGER OF OSTOOL TRANSPORTATION COMPANY	416,000	111,083	-	527,083	106,468	-	-	-	-	106,468	50,551	684,102
TOTAL	3,685,444	1,279,569	-	4,965,013	6,027,337	-	-	-	-	6,027,337	396,073	11,388,423

\*\*The bonus includes an exceptional reward for the team working in the process of acquiring 80% of the capital of the Naft Services Company LTD.

## REMUNERATION OF COMMITTEE MEMBERS

The following statement shows what was disbursed to the members of the committees during the year 2022, as follows (all amounts are in Saudi riyals):

Statement	Fixed Rewards (except for meeting attendance)	Allowance for attending Committees	Total
MEMBERS OF THE EXECUTIVE COMMITTEE:			
MR. IBRAHIM MOHAMMED AL-HADITHI	-	12,000	12,000
MR. SULTAN BIN MOHAMMED AL-HADITHI	-	12,000	12,000
MR. RIYAD SALEH AL-MALIK	-	12,000	12,000
TOTAL	-	36,000	36,000
AUDIT COMMITTEE MEMBERS:			
MR. MAJID NASSER AL-SUBAIE	50,000	24,000	74,000
DR. ABDULLAH BIN SAGHIR AL-HUSSEINI (OUTSIDE THE COUNCIL)	80,000	27,000	107,000
MR. ALI MOHAMMED AL-HADITHI (OUTSIDE THE COUNCIL)	80,000	18,000	98,000
TOTAL	210,000	69,000	279,000
MEMBERS OF THE REMUNERATION AND NOMINATION COMMITTEE:			
MR. ALI BIN MOHAMMED ABA AL-KHAIL	-	9,000	9,000
MR. MAJED MOHAMMED AL-OTHMAN	-	12,000	12,000
MR. SULAIMAN BIN ABDULAZIZ ALZABEN	-	12,000	12,000
TOTAL	-	33,000	33,000

# Corporate Governance (continued)

## REMUNERATION POLICY

According to what was paid to members of the Board of Directors, sub-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 committees emanating from the Board of Directors.
- An allowance for attending meetings of the members of the Board of Directors of 3 thousand riyals is paid (per member / per session).
- 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, and 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.
- Payment of an allowance for attending meetings for committee members of 3 thousand riyals (per member / per session).
- Disbursement of an annual remuneration to a member of the Audit Committee from outside the Board of Directors of 80 thousand riyals.
- Disbursement of an annual remuneration to the members of the Audit Committee from within the Board of Directors of 50 thousand riyals.
- 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, and 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 incentives, rewards and commissions policies manual, and in a manner that does not conflict with what is stipulated in their employment contracts, and the bonuses are approved before being disbursed by the remuneration committee after a recommendation from the company's management, and the company's management may disburse an exceptional remuneration to any of the senior executives in accordance with the company's manual.

The remuneration policy for members of the Board of Directors, committees emanating from the Board, and senior executives, published on the company's website ([www.sasco.com.sa](http://www.sasco.com.sa)) and approved by the (36th) Ordinary General Assembly held on December 24, 2017, can be viewed

## DEVIATION FROM THE BONUS POLICY

There are no deviations between the remuneration granted and the applicable remuneration policy, whether for members of the Board of Directors, sub-committees or senior executives.

## DIVIDEND DISTRIBUTION

According to Article (50) of the Company Bylaws "Dividend Distribution" the Company's annual net dividends are distributed as follows:

- (10%) of the net dividends shall be retained to form the statutory reserve of the Company. The Ordinary General Assembly may decide to discontinue this retention when the mentioned reserve reaches (30%) of the paid capital.
- The Ordinary General Assembly, based on the proposal of the Board of Directors, shall retain a certain percentage of the net dividends to form a conventional reserve to be allocated to support the financial position of the Company.
- The Ordinary General Assembly may decide to form other reserves to the extent that serves the interest of the Company or ensures, as far as possible, consistent distribution of dividends to the shareholders. The aforementioned assembly may also deduct amounts from the net dividends to establish social institutions for the Company's staff or to assist the existing institutions.
- A percentage of no less than (3%) of the paid capital shall be distributed to the shareholders from the remainder thereafter.
- Subject to the provisions stipulated in Article (28) of the Company Bylaws, a percentage not exceeding (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.

### According to Article (51) 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.

### According to Article (52) of the Company Bylaws "Entitlement to Dividends"

- 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.

### According to Article (53) of the Company Bylaws, "Distribution of Dividends to Holders of Preferred Shares":

- 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 thereof at the Board of Directors in proportion with the value of their shares in the capital until the Company can pay all the priority dividends allocated for holders of these shares for the previous years.
- Company Bylaws and dividend distribution policy can be reviewed on the Company's website ([www.sasco.com.sa](http://www.sasco.com.sa)).

### Cash Disbursements For Year (SAR/Share)

The following table shows the dividends distributed to shareholders since 2010:

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0.50	0.50	0.50	0.75	1.50	0.50	0.50	0.50	0.50	1.00	0.60	0.50	1.25



# Corporate Governance (continued)

## BOARD MEETINGS

The members of the Board of Directors have allocated sufficient time to review their responsibilities and prepare for the meetings of the Board and its committees, and the Board has been keen to schedule its meetings and prepare for the meetings of the Board well in advance of the sessions to ensure that all members of the Board are committed to attending the meetings and discussing all the agenda presented.

The following table shows the members' attendance record for the Board of Directors meetings during the year 2022, as follows:

		Number of Meetings (5) Meetings					Attendance %
Member Name		Meeting No. (1) 10/01/2022	Meeting No (2) 02/03/2022	Meeting No (3) 14/04/2022	Meeting No (4) 04/09/2022	Meeting No (5) 18/12/2022	
1.	MR. IBRAHIM BIN MUHAMMAD AL-HADITHI	✓	✓	✓	✓	✓	100%
2.	MR. SULTAN BIN MUHAMMAD AL-HADITHI	✓	✓	✓	✓	✓	100%
3.	MR. NASSER BIN ABDULLAH AL-AWFI	✓	✓	✓	✓	✓	100%
4.	MR. MAJID BIN MOHAMMED AL-OTHMAN	✓	✓	✓	✓	Via modern technology	100%
5.	MR. RIYAD BIN SALEH AL-MALIK	✓	✓	✓	✓	✓	100%
6.	MRALI BIN MUHAMMAD ABA AL-KHAIL.	✓	Apologized	✓	✓	✓	80%
7.	MR. SULIMAN BIN ABDULAZIZ AL-ZABIN.	✓	✓	✓	✓	Apologized	80%
8.	MR. MAJID BIN NASSER AL-SUBAIE	✓	✓	Apologized	✓	✓	80%
9.	MR. YOUSSEF BIN HAMAD AL-YOUSIF	✓	✓	✓	✓	✓	100%

✓ Attended    x Delegate a board member

\* Board of Directors meeting No. (1) was held through modern technology.  
\* The date of the last meeting of the general assembly of shareholders is June 14, 2022.  
\* No member has ever submitted a written request to hold a meeting of the Council during the year 2022, nor has any member ever objected to the agenda and decisions of the Board.

## THE NUMBER OF THE COMPANY'S REQUESTS FOR THE REGISTER OF SHAREHOLDERS

The following table shows the number of the company's requests for the register of shareholders, the dates and reasons for those requests, as follows:

The date of application		File History	Reasons for the request
1.	01/01/2022	31/12/2021	Follow up the change in the shareholders' register
2.	01/01/2022	04/01/2022	3rd quarter of 2021 dividends
3.	02/02/2022	02/02/2022	Follow up the change in the shareholders' register
4.	12/04/2022	12/04/2022	Follow up the change in the shareholders' register
5.	07/06/2022	14/06/2022	General Assembly Meeting
6.	14/06/2022	16/06/2022	Beneficiaries of additional dividends for the year 2021
7.	05/09/2022	08/09/2022	First half dividends for 2022
8.	21/09/2022	12/09/2022	First half dividends for 2022
9.	19/09/2022	27/12/2022	Third quarter of 2022 dividends

# Corporate Governance (continued)

## BOARD OBSERVATIONS

- ✓ Accounts records are properly prepared.
- ✓ The internal control system has been properly and effectively implemented.
- ✓ No significant uncertainty about the company's ability to continue its activities.

## BOARD ASSURANCES

- ✓ No arrangement nor agreement whereby a member of the Board of Directors 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 and any contractual securities, memoranda of subscription or similar rights issued or granted by the Company during the current financial year, and there is no compensation received by the Company for this.
- ✓ There is no report of any transfer or subscription rights under convertible debt instruments, contractual securities, memoranda of right of subscription 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 a general assembly or add an item to the agenda of the assembly during the current fiscal year.

## ACTIONS TAKEN BY THE BOARD OF DIRECTORS TO INFORM ITS MEMBERS (ESPECIALLY NON-EXECUTIVES) OF SHAREHOLDERS' SUGGESTIONS AND OBSERVATIONS REGARDING THE COMPANY AND ITS PERFORMANCE

- ✓ The Investor Relations Department of the company, as a department specialized in shareholders' affairs, receives the shareholders' proposals "if any" and submits them to the Board of Directors to be discussed during the meetings of the Board 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.

## THE TOOLS ADOPTED BY THE BOARD OF DIRECTORS IN EVALUATING ITS PERFORMANCE AND THE PERFORMANCE OF ITS COMMITTEES AND MEMBERS

- ✓ During 2019, 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, and 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.
- ✓ During the year 2022, a self-evaluation was carried out in accordance with the above-mentioned policy, and an evaluation was made by an external party that is independent of the company "Al-Thunayan Company" in 2020, and according to the policy, the evaluation of a competent external party is carried out every three years or whenever necessary.

## TREASURY SHARES

There are no treasury shares held by the Company.

# Corporate Governance (continued)

## BUSINESSES AND CONTRACTS IN WHICH THE MEMBERS OF THE BOARD OF DIRECTORS HAVE AN INTEREST

There are businesses and contracts that some members of the Board of Directors in which have an interest in as detailed below:

The entity	Contracts/Business	Related Party	Statement	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 headquarters of the Ostool Alnaqil Company (a subsidiary) and housing for workers.	IBRAHIM BIN MOHAMMED AL-HADITHI	The value of the contract is 787 thousand SAR annually.	1 Year	✓	✓
		SULTAN BIN MOHAMMED AL-HADITHI				
MULKIA INVESTMENT COMPANY	Investment portfolio management at NCB Capital.	IBRAHIM BIN MUHAMMAD ALHADITHI	Portfolio management contract worth SAR 50 million.	Expires with 30 days written notice There are no transactions conducted during the year 2022	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
NAHAZ INVESTMENT COMPANY	Zaiti Petroleum Services Company stations rental No. (1, 2) from Nahaz Investment Company.	IBRAHIM BIN MOHAMMED AL-HADITHI	The value of the contract is 1.4 million SAR per year.	10 years as of 01/01/2018, renewable	✓	✓
		SULTAN BIN MOHAMMED AL-HADITHI				
NAJMAT AL MADAEN REAL ESTATE	Zaiti Petroleum Services Company station rental No. (8) from Najmat Al-Madaen Real Estate Company.	IBRAHIM BIN MUHAMMAD ALHADITHI	The value of the contract is 300 thousand SAR annually.	10 years as of 29/04/2020	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
NAJMAT AL MADAEN REAL ESTATE	Zaiti Petroleum Services Company station rental No. (10) from Najmat Al-Madaen Real Estate Company	IBRAHIM BIN MUHAMMAD ALHADITHI	The value of the contract is 1 million SAR per year.	The contract was renewed for 10 years as of 29/04/2020	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
NAJMAT AL MADAEN REAL ESTATE	Zaiti Petroleum Services Company station rental No. (11) from Najmat Al-Madaen Real Estate Company	IBRAHIM BIN MUHAMMAD ALHADITHI	The value of the contract is 350 thousand SAR annually.	The contract was renewed for 8 years as of 01/05/2020.	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				

✓ There are no businesses or contracts in which the CEO, the CFO, any executive manager, or any related person has an interest

The entity	Contracts/Business	Related Party	Statement	Contract Duration	BoD Notified	Assembly Notified
NAHAZ INVESTMENT COMPANY	Purchases by Nahaz Investment Company and Arzaq Agricultural Company.	IBRAHIM BIN MOHAMMED AL-HADITHI	The value of fuel purchases during the year 2022 amounted to 104,975.81 SAR.	1 Year	✓	✓
		SULTAN BIN MOHAMMED AL-HADITHI				
NAJMAT AL MADAEN GROUP	Purchases by Najmat Al-Madaen Group Company (Najma Projects Company and Ibrahim Al-Hadithi Investment Company)	IBRAHIM BIN MUHAMMAD ALHADITHI	The value of fuel purchases during the year 2022 amounted to 311,036,00 SAR.	1 Year	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
ZAWAYA REAL ESTATE COMPANY	Purchases by Zawaya Real Estate Company.	IBRAHIM BIN MOHAMMED AL-HADITHI	The value of fuel purchases during the year 2022 amounted to 14,795.08 SAR.	1 Year	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
FUN GATE COMPANY	Fuel purchases by Fun Gate Company.	IBRAHIM BIN MUHAMMAD ALHADITHI	During the year 2022, it amounted to 39,249.50 SAR.	1 Year	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				
FUN GATE COMPANY	Renting (10) residential rooms in Station No. (2) by Fun Gate Company.	IBRAHIM BIN MUHAMMAD ALHADITHI	Contract value 50k per year	1 Year	✓	✓
		MAJID BIN MUHAMMAD ALOTHMAN				
		SULTAN BIN MUHAMMAD ALHADITHI				

There are no preferential terms for these contracts and businesnes.

✓ Other than the above, there are no transactions between the Company and a related party.

✓ None of the members of the Board of Directors has business competing with the company or any of the branches of the activity that it practices.

✓ All the above businesses and contracts were approved and authorized for the next year at the Thirty-ninth Ordinary General Assembly Meeting held on June 14, 2022, and approval for the renewal of these businesses and contracts will be taken from the next General Assembly of Shareholders.

# Corporate Governance (continued)

IMPLEMENTATION OF THE CORPORATE GOVERNANCE REGULATION:

The Company is subject to comply with the Terms and Conditions included within the Corporate Governance Regulations issued by the Board of the Capital Market Authority, with the exception of the conditions listed below:

Article number based on the regulation guidelines	Paragraph	Article /paragraph	Reason of not complying
1. ARTICLE 67	Guiding Article.	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 Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guidance article. The initiation/establishment of the Committee is under consideration and will be looked into at a later stage.
2. ARTICLE 71	A, B	<p>a) For 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 auditing.</p> <p>b) The Company may utilise external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.</p>	The Internal Audit Department/Unit is in place, and has been assigned to conduct the risk management duties in line with the company's contract with an external office.
3. ARTICLE 82	2,3 Guiding Article.	<p>The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following:</p> <p>2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and</p> <p>3) establishing social organisations for the benefit of the Company's employees.</p>	Guidance Article It is under consideration and will be looked into at a later stage.

Article number based on the regulation guidelines	Paragraph	Article /paragraph	Reason of not complying
4. ARTICLE 84	Guiding Article.	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.	Guidance Article. It is under consideration and will be looked into at a later stage.
5. ARTICLE 85	1,2,3,4 Guiding Article.	<p>The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include:</p> <p>1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;</p> <p>2) disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;</p> <p>3) disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and</p> <p>4) establishing awareness programmes to the community to familiarise them with the Company's social responsibility.</p>	Guidance Article. It is under consideration and will be looked into at a later stage.
6. ARTICLE 92	Guiding Article.	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these 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.	Guidance article. The initiation/establishment of the Committee is under consideration and will be looked into at a later stage.

VIOLATIONS FOR THE YEAR 2022

Punishment / penalty / precautionary measure / precautionary restriction	Reasons for the violation	The party that signed the violation	Resolutions to avoid further occurrences
Financial Penalty	Violations for operating sites without a license	Region Secretariat - Ministry of Municipal and Rural Affairs	Completing the requirements for issuing and renewing site operating licenses
Financial Penalty	Non-conformity with some civil defense requirements	General Directorate of Civil Defense	Completion of civil defense requirements and reviewing them on an ongoing basis

# FINANCIAL STATEMENT

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Independent Auditor’s Report

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY)

OPINION

We have audited the consolidated financial statements of Saudi Automotive Services Co. (SASCO) (A Saudi Joint Stock Company) (the “Company”) and its subsidiaries (collectively with the Company referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements 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.

OTHER MATTER

The consolidated financial statements for the year ended 31 December 2021 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 6 Sha’aban 1443H (corresponding 9 March 2022).

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.

KEY AUDIT MATTERS (CONTINUED)

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.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition</b>	<b>Audit procedures included, among others, the following:</b>
<p>The Group recognized revenues primarily from sales of fuel, sales of goods and rental income totaling SR 7.85 billion for the year ended 31 December 2022. The revenue from sale of fuel and goods is recognized at a point in time when control of the goods is transferred to the customer and revenue from rent is recognized over the lease term.</p> <p>Revenue recognition is considered a key audit matter as it’s considered by the Group management one of the most key performance indicators. Further, since majority of the Group’s revenue is directly generated through 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 (3-5) to the consolidated financial statements for the accounting policy of revenue recognition and note (27) for the disclosure of revenues.</p>	<ul style="list-style-type: none"><li>• Evaluated the integrity of the general IT control environment and tested the operating effectiveness of key IT application controls;</li><li>• Assessed the revenue recognition policy applied by the Group for compliance with IFRS 15 requirements “Revenue from contracts with customers”.</li><li>• 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.</li><li>• Tested, on a sample basis, journal entries posted to the revenue accounts to identify unusual or irregular postings.</li><li>• Tested, on a sample basis, daily cash deposits back to the daily sales report.</li><li>• Performed substantive analytical reviews to understand how the revenue has trended over the year.</li><li>• Assessed the adequacy of the relevant disclosures in the Group’s consolidated financial statements.</li></ul>

Independent Auditor’s Report (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<b>Recoverability assessment of goodwill resulted from Naft acquisition</b>	<b>Audit procedures included, among others, the following:</b>
<p>IAS 36 "Impairment of Assets" that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and indefinite-lived 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 recoverability of the goodwill resulted from Naft acquisition.</p> <p>Goodwill has been allocated to its related cash-generating units, being the acquired fuel stations of Naft, based on a specific criterion 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 were based on the most recent financial plans and included 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"><li>• Cash flows during the 5-year periods including the underlying assumptions.</li><li>• Terminal values.</li><li>• Discount rates.</li></ul> <p>Refer to note (3-5) to the consolidated financial statements for the accounting policy of impairment of non-financial assets and note (9) for the disclosure of goodwill.</p>	<ul style="list-style-type: none"><li>• 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.</li><li>• Tested the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the goodwill.</li><li>• Involved our internal valuation experts, where considered necessary, and performed the following procedures on management’s valuation models, as deemed appropriate:</li><li>• Considered the consistency of certain unobservable inputs underlying the 5-year cash flows such as expected fuel volumes and future costs.</li><li>• Compared a sample of forecast fuel prices and margins underlying the 5-year cash flows to market data points.</li><li>• Assessed the reasonableness of the approach and inputs used to determine the terminal values.</li><li>• Tested the mathematical accuracy and logical integrity of the models.</li><li>• Assessed the adequacy of the relevant disclosures in the Group’s consolidated financial statements.</li></ul>

Key audit matter	How our audit addressed the key audit matter
<b>Accounting for the acquisition of Naft Services Company Limited (“Naft”)</b>	<b>Audit procedures included, among others, the following:</b>
<p>The Group gained control over Naft through acquiring 80% of its equity interest on 7 April 2022 for a purchase consideration of SR 1.1 billion.</p> <p>Following the purchase price allocation, (for which assets acquired and liabilities assumed were measured at fair value), a goodwill with an amount of SR 491 million was recognized due to this acquisition.</p> <p>The acquisition was accounted for in accordance with IFRS 3 “Business Combinations” as endorsed in the Kingdom of Saudi Arabia which requires management to make significant estimates as part of determining the fair values of the identifiable assets acquired, and liabilities assumed. Independent professional valuer was engaged by the Group to perform the purchase price allocation exercise, fair valuation of acquired assets and liabilities and identification and valuation of intangible assets due to acquisition.</p> <p>We considered this to be a key audit matter given the significant estimates involved in determining the fair values of the identifiable assets acquired and liabilities assumed. In addition to the materiality of the amounts involved.</p> <p>Refer to note (3-5) to the consolidated financial statements for the accounting policy of business combinations and note (2) for the disclosure of the acquisition.</p>	<ul style="list-style-type: none"><li>• Inspected the share purchase agreement for the appropriateness of the fair value of the purchase consideration.</li><li>• Assessed the competency, objectivity and independence of the valuer engaged by the Group.</li><li>• Involved our internal valuation experts (where considered necessary), and performed the following procedures:<ol style="list-style-type: none"><li>1. Evaluated the appropriateness of the methodology and assumptions used in determining the fair values based on the applicable financial reporting requirements and established market practice,</li><li>2. Compared certain key unobservable inputs underlying the fair values to supporting documentation as per the below steps:<ol style="list-style-type: none"><li>a. Examined the business plans and assumptions used by management, including forecasted earnings base.</li><li>b. Valuated the reasonableness of the main assumptions against external data such as risk-free rates and beta.</li><li>c. Assessed the appropriateness of discount and growth rates.</li><li>d. Cross-checked the mathematical calculations.</li></ol></li><li>3. Evaluated the reasonableness of certain observable inputs and/or the resulting fair values based on comparable market data.</li></ol></li><li>• Assessed the adequacy of the relevant disclosures in the Group’s consolidated financial statements.</li></ul>

# Independent Auditor's Report (continued)

## TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO) (A SAUDI JOINT STOCK COMPANY)

### OTHER INFORMATION INCLUDED IN THE GROUP'S 2022 ANNUAL REPORT

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2022 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.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors 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 the Board of Directors 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, the Board of Directors 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 the Board of Directors 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 the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 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.

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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For Ernst & Young Professional Services**

Fahad M. Al-Toaimi  
Certified Public Accountant License No. 354  
Riyadh: 23 Shaaban 1444H (15 March 2023)

# Consolidated Statement of Financial Position

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

As at 31 December 2022

	Note	31 December 2022 SR	31 December 2021 SR
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,741,039,332	1,296,793,466
Projects in progress	6	203,526,909	88,822,197
Investment properties	7	89,481,000	-
Right of use assets	8	2,220,556,646	1,253,692,217
Intangible assets - goodwill	9	495,348,204	4,308,993
Other intangible assets	10	3,563,911	2,233,990
Investments at fair value through other comprehensive income (FVOCI)	11	158,212,887	187,448,198
Investments in debt instruments	12	250,000,000	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,161,728,889</b>	<b>2,833,299,061</b>
<b>CURRENT ASSETS</b>			
Inventory	13	82,574,432	51,580,925
Trade receivables	14	133,038,185	140,459,019
Prepaid expenses and other current assets	15	97,542,789	77,245,270
Investments at fair value through profit or loss (FVTPL)	11	-	125,445
Bank balances and cash on hands	16	636,973,481	154,748,750
<b>TOTAL CURRENT ASSETS</b>		<b>950,128,887</b>	<b>424,159,409</b>
<b>TOTAL ASSETS</b>		<b>6,111,857,776</b>	<b>3,257,458,470</b>

	Note	31 December 2022 SR	31 December 2021 SR
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	17	600,000,000	600,000,000
Statutory reserve	18	74,529,931	65,559,289
Retained earnings		31,923,584	17,522,636
Fair value reserve of financial assets through FVOCI		129,879,703	128,854,625
<b>Total equity attributable to shareholders of the parent Company</b>		<b>836,333,218</b>	<b>811,936,550</b>
Non-controlling interests		160,315,319	-
<b>TOTAL EQUITY</b>		<b>996,648,537</b>	<b>811,936,550</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease contract liabilities	19	2,113,667,861	1,174,429,630
Long-term loans	20	1,561,140,565	537,429,979
Employees' defined benefit liabilities	21	41,644,697	20,937,754
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,716,453,123</b>	<b>2,833,299,061</b>
<b>CURRENT LIABILITIES</b>			
Murabaha financing & short-term loans	20	30,000,000	5,000,000
Current portion of long-term loans	20	51,809,756	76,808,250
Trade Payables	22	777,655,481	350,084,044
Accrued expenses and other current liabilities	23	194,685,427	112,629,694
Current portion of lease contract liabilities	19	253,649,968	103,653,960
Dividends payable to shareholders	24	77,264,901	58,244,837
Zakat payable	25	13,690,583	6,303,772
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,398,756,116</b>	<b>712,724,557</b>
<b>TOTAL LIABILITIES</b>		<b>5,115,209,239</b>	<b>2,445,521,920</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,111,857,776</b>	<b>3,257,458,470</b>

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of **Income**

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

For the year ended 31 December 2022

	Note	31 December 2022 SR	31 December 2021 SR
Revenues	27	7,852,211,128	4,061,642,625
Cost of revenues	28	(7,580,027,564)	(3,902,344,305)
<b>GROSS PROFIT</b>		<b>272,183,564</b>	<b>159,298,320</b>
General and administrative expenses	29	(177,167,753)	(50,628,176)
Selling and marketing expenses		(4,431,958)	(2,642,077)
Reversal (provision) for expected credit losses, net	14	4,147,766	(1,725,000)
<b>INCOME FROM MAIN OPERATIONS</b>		<b>94,731,619</b>	<b>104,303,067</b>
Finance costs	30	(114,968,010)	(57,227,963)
Dividend received from investments at FVOCI		2,373,600	5,116,000
Net profit from investment at FVTPL	11-b	1,971,887	1,887,272
Other income, net	31	122,182,191	377,936
<b>INCOME BEFORE ZAKAT</b>		<b>106,291,287</b>	<b>54,456,312</b>
Zakat	25	(8,509,744)	(3,613,333)
<b>INCOME FOR THE YEAR</b>		<b>97,781,543</b>	<b>50,842,979</b>
<b>Attributable to:</b>			
Shareholders' of the Parent Company	32	89,706,421	50,842,979
Non-controlling interests		8,075,122	-
		<b>97,781,543</b>	<b>50,842,979</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share for the year attributable to Shareholders' of the Parent Company	32	1.50	0.85

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of **Comprehensive Income**

For the year ended 31 December 2022

	Note	2022 SR	2021 SR
<b>INCOME FOR THE YEAR</b>		<b>97,781,543</b>	<b>50,842,979</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Items that will not be reclassified subsequently to consolidated statement of income:</i>			
Net change in fair value of investments at FVOCI	11-a	9,095,869	154,891
Actuarial gains (losses) on remeasurement of employees' defined benefit liabilities	21	594,378	(1,811,050)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>107,471,790</b>	<b>49,186,820</b>
<b>ATTRIBUTABLE TO</b>			
Shareholders' of the Parent Company		99,396,668	49,186,820
Non-controlling interests		8,075,122	-
		<b>107,471,790</b>	<b>49,186,820</b>

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.



# Consolidated Statement of Cashflows

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

For the year ended 31 December 2022

	Note	2022 SR	2021 SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		106,291,287	54,456,312
<b>Adjustments for:</b>			
Depreciation of right of use assets	8	177,829,653	95,493,688
Depreciation of property, plant and equipment	5	92,271,245	65,443,729
Provision for employees' defined benefit liabilities	21	6,993,560	2,259,660
Provision for slow moving inventories	13	831,341	4,535,943
(Reversal) provision for expected credit losses, net	14	(4,147,766)	1,725,000
Accrued interest on lease contract liabilities	19	73,206,587	41,462,576
Finance costs	30	41,761,423	15,765,387
Net gain from investments at FVTPL	11-b	(1,971,887)	(1,887,272)
Gains from sale and leaseback of property, plant and equipment	31	(95,058,304)	-
Gain from sale of property, plant and equipment	31	(6,643,413)	(1,476,745)
Gain from disposal of lease contracts		(4,841,119)	969,622
Impairment of projects in progress	6	105,641	-
Amortization of other Intangible assets	10	1,003,116	1,335,816
		387,631,364	280,083,716
<b>Working capital adjustments:</b>			
Trade receivables		66,628,434	(28,718,721)
Prepayments and other current assets		11,512,405	27,416,403
Retentions by banks for distribution of dividends payable to shareholders		(19,020,064)	(12,631,448)
Inventory		(5,601,374)	(13,945,050)
Trade Payables		219,769,455	223,609,801
Accrued expenses and other current liabilities		(29,389,669)	(69,157,180)
Cash from operations		631,530,551	406,657,521
Zakat paid	25	(5,105,566)	(2,895,374)
Employees' defined benefits liabilities paid	21	(7,008,949)	(1,387,371)
<b>Net cash from operating activities</b>		619,416,036	402,374,776
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary, net of cash acquired	2	(854,723,130)	-
Purchase of investments at FVTPL	11-b	(1,712,699,999)	(705,000,000)
Proceeds from sale of investments at FVTPL	11-b	1,715,429,188	707,037,593

	Note	2022 SR	2021 SR
Purchase of investments in debt instruments	12	(250,000,000)	-
Purchase of investments at FVOCI	11-a	(317,676)	(1,137,777)
Proceeds from dividends of investments at FVTPL		2,373,600	5,116,000
Proceeds from sale of Investments at FVOCI	11-a	39,127,136	505,920
Purchase of property, plant and equipment	5	(66,627,910)	(58,535,594)
Additions to projects in progress		(118,001,293)	(135,653,734)
Proceeds from sale of property, plant and equipment		13,181,255	6,132,241
Additions to other intangible assets	10	(2,333,038)	(624,461)
<b>Net cash used in investing activities</b>		(1,234,591,867)	(182,159,812)
<b>FINANCING ACTIVITIES</b>			
Proceeds from sale and lease-back of property, plant and equipment	35	381,702,607	-
Dividends paid to the shareholders for prior years		(11,711,582)	(597,740)
Dividends Paid		(45,000,000)	(30,000,000)
Finance cost paid		(31,992,322)	(16,858,611)
Proceeds from long term loans		1,340,000,000	217,362,391
Payments in long-term loans		(341,287,908)	(170,595,499)
Net change in Murabaha financing and short-term loans		25,000,000	(94,406,444)
Lease liabilities paid	19	(238,330,297)	(87,286,675)
<b>Net cash from (used in) financing activities</b>		1,078,380,498	(182,382,578)
Increase in cash and cash equivalents		463,204,667	37,832,386
Cash and cash equivalents at beginning of the year	16	96,503,913	58,671,527
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	16	559,708,580	96,503,913

## SIGNIFICANT NON-CASH TRANSACTIONS:

Transfer from projects in progress to property, plant and equipment	5	33,667,084	118,540,727
Declared dividends	33	30,000,000	12,000,000
Additions to right of use assets due to sale and leaseback of property, plant and equipment	8	94,480,304	-
Additions to lease contract liabilities due to sale and leaseback of property, plant and equipment	19	206,392,946	-
Additions to right of use of assets	8	252,931,117	203,023,501
Additions to lease contract liabilities	19	252,931,117	203,023,501
Disposal of right of use assets from lease terminations	8	(53,976,696)	(36,636,157)
Disposal of lease liabilities from lease terminations	19	(58,817,815)	(35,666,535)
Additions of depreciation of right of use assets		13,436,036	9,936,568

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes In Equity

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

For the year ended 31 December 2022

	Attributable to shareholders' of the Parent						
	Share capital SR	Statutory reserve SR	Retained earnings SR	Fair value reserve of finan- cial assets through FVOCI SR	Total SR	Non-controlling interests SR	Total equity ownership SR
Balance as at 1 January 2021	600,000,000	60,474,991	15,575,005	128,699,734	804,749,730	-	804,749,730
Income for the year	-	-	50,842,979	-	50,842,979	-	50,842,979
Other comprehensive loss	-	-	(1,811,050)	154,891	(1,656,159)	-	(1,656,159)
Total comprehensive income for the year	-	-	49,031,929	154,891	49,186,820	-	49,186,820
Dividends (note 33)	-	-	(12,000,000)	-	(12,000,000)	-	(12,000,000)
Interim dividends (note 33)	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Transfer to statutory reserve	-	5,084,298	(5,084,298)	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>600,000,000</b>	<b>65,559,289</b>	<b>17,522,636</b>	<b>128,854,625</b>	<b>811,936,550</b>	<b>-</b>	<b>811,936,550</b>
Balance as at 1 January 2022	<b>600,000,000</b>	<b>65,559,289</b>	<b>17,522,636</b>	<b>128,854,625</b>	<b>811,936,550</b>	<b>-</b>	<b>811,936,550</b>
Income for the year	-	-	<b>89,706,421</b>	-	<b>89,706,421</b>	<b>8,075,122</b>	<b>97,781,543</b>
Other comprehensive income	-	-	<b>594,378</b>	<b>9,095,869</b>	<b>9,690,247</b>	-	<b>9,690,247</b>
Total comprehensive income for the year	-	-	<b>90,300,799</b>	<b>9,095,869</b>	<b>99,396,668</b>	<b>8,075,122</b>	<b>107,471,790</b>
Disposal of investments at FVOCI	-	-	<b>8,070,791</b>	<b>(8,070,791)</b>	-	-	-
Acquisition of a subsidiary (Note 2)	-	-	-	-	-	<b>152,240,197</b>	<b>152,240,197</b>
Dividends (Note 33)	-	-	<b>(15,000,000)</b>	-	<b>(15,000,000)</b>	-	<b>(15,000,000)</b>
Interim dividends (Note 33)	-	-	<b>(60,000,000)</b>	-	<b>(60,000,000)</b>	-	<b>(60,000,000)</b>
Transfer to statutory reserve	-	<b>8,970,642</b>	<b>(8,970,642)</b>	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>600,000,000</b>	<b>74,529,931</b>	<b>31,923,584</b>	<b>129,879,703</b>	<b>836,333,218</b>	<b>160,315,319</b>	<b>996,648,537</b>

The accompanying notes 1 to 42 form an integral part of these consolidated financial statements.

# Notes To Consolidated Financial Statements

## TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO) (A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

### 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), PO 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 vehicles and travelers by establishing central workshops to provide the highest level of maintenance and repair and establishing a network of vehicle service stations, as well as providing rest houses and restaurants, importing and selling foodstuffs, drinks, beverages and raw materials required therefor, importing 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 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 field of activity	Direct & indirect shareholding (%)	
			31 December 2022	31 December 2021
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 international clubs for cars and motorcycles, local and international bodies interested in automobile affairs, issuing cars’ customs traffic document (TripTik), international driving licenses, establishing, managing, maintaining and operating motorsports and motorcycle circuits, and holding races and events related to motor-sports and motorcycles	100%	100%

Name of subsidiary	Commercial Registration #	Principle field of activity	Direct & indirect shareholding (%)	
			31 December 2022	31 December 2021
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 Palm Company	1010302217	Catering, retail 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 Oasis 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 of car and motorcycle fuel (fuel stations).	100%	100%
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	010671792	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 (Note 2)	4030060592	Operation of fuel stations and related activities.	80%	-

# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

## 1. ACTIVITIES (continued)

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:

The 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	1010671614	16 Rabi Al-Thani 1442H (corresponding to 13 December 2020)	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	1010950315	17 Rajab 1439H (corresponding to 12 April 2018)	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	2031100039	17 Rajab 1439H (corresponding to 3 April 2018)	Al-Ahsa
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	2055123121	17 Rajab 1439H (corresponding to 3 April 2018)	Al-Jubail
Saudi Company for Automotive Services and Equipment SASCO	2511108346	17 Rajab 1439H (corresponding to 3 April 2018)	Hafar Al Batin
Saudi Company for Automotive Services and Equipment SASCO	3550122825	17 Rajab 1439H (corresponding to 3 April 2018)	Tabouk
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 Mukarrama
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

## 2. BUSINESS COMBINATION

On 7 April 2022, the Company acquired 80% of the voting shares in Naft Services Company Limited ("Naft"), a limited liability company based in Jeddah, Kingdom of Saudi Arabia and specialized in operating fuel stations and related activities. The Company acquired Naft Services Company Limited as part of its business strategy to expand in fuel stations operations and related activities.

This acquisition transaction has been accounted for as per the purchase acquisition accounting method. The fair values of assets acquired, and liabilities assumed as at the date of acquisition were as follows:

	7 April 2022 SR
<b>ASSETS</b>	
Property, plant and equipment	620,516,526
Investment properties	89,481,000
Projects in Progress	17,040,108
Right of use assets	823,118,487
Investments at FVOCI	1,110,137
Inventory, net	26,223,474
Trade receivables, net	55,059,834
Prepaid expenses and other current assets	31,809,924
Bank balances and cash equivalent	245,276,870
<b>TOTAL ASSETS</b>	<b>1,909,636,360</b>
<b>LIABILITIES</b>	
Lease contract liabilities	823,118,487
Employees' defined benefit liabilities	21,316,710
Trade Payables	207,801,982
Accrued expenses and other current liabilities	55,609,069
Accrued income	36,606,493
Zakat payable	3,982,633
<b>TOTAL LIABILITIES</b>	<b>1,148,435,374</b>
<b>Net asset at fair value</b>	<b>761,200,986</b>

Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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2. BUSINESS COMBINATION (continued)

The amount of the consideration paid related to the acquisition was SR 1,100,000,000, which was financed through long-term loans (note 20) and the sale and leaseback of some fuel stations (note 35). The consideration paid was allocated as follows:

	7 April 2022 SR
Purchase consideration	1,100,000,000
Less: net assets acquired at fair value- 100%	(761,200,986)
Add: Non-controlling interest- 20%	152,240,197
Goodwill arising on acquisition	491,039,211

CASHFLOWS ANALYSIS FROM ACQUISITION:	
Net cash from acquisition	245,276,870
Value of the consideration paid	(1,100,000,000)
Net cash flow used due to acquisition	(854,723,130)

As of 31 December 2022, the fair value of the net assets has been finalized and the fair value of property, plant, equipment and investment properties amounted to SR 710 million, with a decrease of SR 45 million from the initial value. Also, goodwill has been adjusted for an increase of SR 35,4 million from its initial value to become SR 491 million. Therefore, figures have been adjusted at acquisition date.

There was no change to remaining items of assets and liabilities acquired after finalizing the final valuation.

The valuation of acquired properties and buildings was conducted by Estnad Real Estate Valuation with license number “1210000037” accredited by the “Saudi Authority for Accredited Valuers” which has experience in evaluating such assets and liabilities.

The Group measured the acquired lease contract liabilities using the present value of the remaining lease payments as at acquisition date. Right-of-use assets were measured at an amount equivalent to its lease liability and adjusted to reflect the borrowing rate of the Group.

The carrying value settlement of goodwill at the beginning and at the end of the year in these consolidated financial statements was disclosed in note 9.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

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

3.2 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” and “investments carried at fair value through other comprehensive income”. Employee defined benefit obligations are recognized at the present value of the future obligations 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.

3.3 Functional and Presentation Currency

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

3.4 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)
- » 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,
- Group’s voting rights and potential voting rights.



# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.4 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the 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 and according to the non-controlling interests, even if this resulted in the non-controlling interests having a 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.

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 recognised 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 recognised 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 recognised in OCI are reclassified to the consolidated statement of comprehensive income.

Non-controlling interest represents 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies

#### Bank balances and cash on hands

Bank balances and cash on hands in the consolidated statement of financial position comprise of 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,
- holds the asset primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- When 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 expects to settle the liability in the entity's normal operating cycle;
- It is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

#### 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.

The Group classifies its financial assets under the following categories:

#### Classification

- Financial assets designated at amortised cost.
- Fair value through other comprehensive income (FVOCI); and
- Financial assets designated at fair value through profit or loss (FVTPL).

Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

Trade receivables are initially recognised when they are originated. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. All other financial assets are initially recognised when the Group becomes party to the contractual provisions of the instrument at fair value plus or minus, in the case of a financial asset 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 amortised cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election on initial recognition of certain investments in equity instruments that they will be measured at fair value unless otherwise made through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Group 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 receivable 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 Group 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 ("EIR") method and are subject to impairment. Interest received is recognised as part of finance income in the consolidated statement of comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

Financial assets designated at fair value through OCI (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 recognised 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 Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- Expiration of rights to receive cash flows from assets; 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
  - a. 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 recognised 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).

# Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

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 forecast factors specific to the 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.

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 amortised 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 amortised cost.

#### Classification

An entity shall classify all financial liabilities as subsequently measured at amortised 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 loan, and Murabaha from various financial institutions are measured at amortised cost. In case of long-term interest-bearing loans, EIR method will be applied.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

#### 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.

#### Inventory

Inventories are measured at lower of cost and net realisable 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.

#### Investment property

Investment properties comprise of completed properties that are 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 cost less accumulated depreciation and impairment, if any. Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment properties to owner-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of 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 until change in use.

Investment properties is derecognized either when it has been disposed of or when it is 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 recognised in the statement of consolidated 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

Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

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 recognises 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, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

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 on 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 rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in 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 are 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 is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing 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 specific 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 satisfied. 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:

Caption	Years
Buildings	33 – 50
Equipment and machinery	10
Motor vehicles	5 - 14 with 20% residual value
Communication devices and phones	4
Leasehold improvements	25 years or lease term, whichever is shorter
Fixtures and furniture	10
Computers	6
Electronic devices	10
billboards	6



# Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the 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 yearend and adjusted prospectively, if appropriate.

#### Projects under construction

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. Mura-baha 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 depreciation of right of use assets and interest financing lease contracts related to projects under construction are also capitalized.

#### 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 assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

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 on 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 any such 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 value in use or its fair value less costs to sell.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax 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 inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (cash-generating units). If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the 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 amounts of the 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 assets or CGU's recoverable amount. A previously recognized impairment loss is 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.

#### Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest 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 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 equity is not remeasured and subsequent settlement is accounted for 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).



# Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

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 recognised for non-controlling interests and any previous interest held 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 recognised 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 gain is 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 of the Group's cash-generating units that are expected to benefit from the 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 gain or loss 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 a liability at the time or at the period of their approval by the General Assembly. Interim dividends are recorded as and 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 the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia and is subject to interpretations issued by ZATCA. The management establishes provisions where appropriate on the basis of amounts expected to be paid to the 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 final assessments are finalized.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (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 authority 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 the future for goods received or services provided, whether billed by the supplier or not.

#### Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Group has a present obligation (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 discounting 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 least 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 recognised 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.

# Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

#### Employees' defined benefits

##### *Short-term Employees' Benefits*

Short-term employee benefits are expensed as the related service is 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 service 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 scheme. The Group has no obligation, other than the contribution payable to the GOSI. The Group recognizes contribution payable to the GOSI as an expense when 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 obligation (DBO) at the consolidated statement of financial position date. The defined benefit obligation is calculated annually by qualified actuaries using projected credit unit method. Re-measurement 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 obligation.

#### Fair Value Measurements

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, 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 are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.5 Summary of significant accounting policies (continued)

EmploAll assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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) 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 at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 revenue 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 obligation(s) 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 a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

*Step 5.* Recognize revenue when (or as) the entity satisfies a performance obligation.

#### Revenue from Fuel Sales

Revenue is 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.

#### 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. Revenue is measured net of returns, trade discounts and volume discounts.

Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

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 recognised when earned.

Cost and expenses

Expenses are recognised 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: Represents in the Company's efforts related to the marketing and sales department.
- c. General and administration expenses: All other expenses, other than direct costs, are classified as general and administrative expenses.

Allocations between cost of revenues, selling and distribution and general and administrative expenses, when required, are made on a consistent basis.

Finance Income and Finance Costs

Finance income includes commission income which is recognized as it accrues in the consolidated statement of income, using the effective commission 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 recognised 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 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 currency.

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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Summary of significant accounting policies (continued)

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 that relate 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 decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.6 Accounting standards

NEW STANDARDS ISSUED, AND STANDARDS ISSUED AND EFFECTIVE

Standards and amendments to IFRS applicable on 1 January 2022 or after (unless otherwise stated):

- » Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS (37)
- » Reference to the Conceptual Framework – Amendments to IFRS (3)
- » Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS (16)
- » IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- » IFRS 9: Financial Instruments – Fees in the “10%” test for derecognition of financial liabilities
- » IAS (41) Agriculture – Taxation in fair value measurements

These amendments have no impact on the Group's consolidated financial statements.

The Group did not carry early adopt any other standard or interpretation or amendment issued, but not yet effective.

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 2022, 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	Effective date
IFRS (17) Insurance Contracts	1 January 2023
Amendments to IAS (1): Classification of Liabilities as Current or Non-current	1 January 2023
Definition of Accounting Estimates- Amendments to IAS (8)	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS (12)	1 January 2023

# Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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## 4. 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 and expenses 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. Revisions to estimates are recognised 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 risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year. 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 on 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 of disposal and its value in use. The fair value less costs of disposal 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 disposing of the asset. The value in use 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 assets of the CGU being tested. 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 as a 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

Defined benefit obligations to employees are determined using actuarial valuation processes. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

These 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 obligation ("DBO") is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### Useful Lives and Residual Value of Property & 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 the year 2022, the residual value of certain motor vehicles under property, plant, and equipment has been adjusted become 20% 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 factors could affect the reported fair value of financial instruments.

### 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 (such as for 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 (such as the subsidiary's stand-alone credit rating).

### 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 uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.



Notes To Consolidated Financial Statements (continued)

TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)  
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4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements

*Determining the lease term of contract with extension and termination options - Group as 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 lease contracts that include extension and termination options. The Group applies judgement 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 - Group as a Lessee*

The Group has entered into lease agreements 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 economic 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 rewards incidental to ownership of these properties and accounts for the contracts as operating leases



# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
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## 5. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2022

	Lands* SR	Buildings* SR	Equipment and machinery SR	Motors vehicles** SR	Communication devices and phones SR	Fixtures and furniture SR	Computers SR	Electronic Devices SR	Billboards SR	Leasehold improve- ments SR	<b>TOTAL For the year ended 31 December 2022 SR</b>	TOTAL For the year ended 31 December 2021 SR
<b>Cost:</b>												
At the beginning of the year	457,057,660	754,569,895	138,914,121	62,431,016	1,316,144	21,537,624	23,506,065	39,322,750	33,746,790	237,556,549	<b>1,769,958,614</b>	1,619,794,217
Additions from the acquisition of a subsidiary (note 2)	437,633,940	126,744,582	67,801,610	49,231,957	-	41,476,940	-	-	-	198,592,064	<b>921,481,093</b>	-
Additions during the year	-	2,181,316	9,517,270	26,815,147	28,000	3,554,601	4,820,632	3,026,190	3,076,921	13,607,833	<b>66,627,910</b>	58,535,594
Transferred from projects in progress (note 6)	-	9,762,764	2,038,832	3,731,500	245,225	490,771	371,129	599,664	371,984	16,055,215	<b>33,667,084</b>	118,540,727
Disposals	-	(6,070,550)	(23,738,878)	(8,561,235)	(28,206)	(19,929,575)	(252,861)	(1,809,693)	(1,830,032)	(98,788,554)	<b>(161,009,584)</b>	(26,911,924)
Disposals from existing leased stations	-	(19,250)	(4,150)	-	-	(7,980)	(9,682)	(11,000)	(80,896)	(4,244,948)	<b>(4,377,906)</b>	-
Disposals of sale and leaseback (note 35)	(121,334,378)	(53,889,937)	(5,631,528)	-	-	(260,615)	(389,964)	(1,304,293)	(1,825,378)	(7,276,268)	<b>(191,912,361)</b>	-
At the end of the year	773,357,222	833,278,820	188,897,277	133,648,385	1,561,163	46,861,766	28,045,319	39,823,618	33,459,389	355,501,891	<b>2,434,434,850</b>	1,769,958,614
<b>Depreciation:</b>												
At the beginning of the year	-	256,704,385	55,068,693	24,424,631	1,290,808	14,378,194	13,113,075	23,740,606	19,285,075	65,159,681	<b>473,165,148</b>	429,977,851
Additions from the acquisition of a subsidiary (note 2)	-	55,125,467	47,085,943	35,898,924	-	32,277,628	-	-	-	130,576,605	<b>300,964,567</b>	-
Charge for the year	-	28,218,030	16,385,946	7,763,327	12,761	4,238,562	2,678,524	3,340,577	3,467,213	26,166,305	<b>92,271,245</b>	65,443,729
Disposals	-	(4,761,973)	(23,049,457)	(7,990,450)	(28,200)	(16,654,069)	(175,343)	(1,595,788)	(1,573,559)	(95,879,837)	<b>(151,708,676)</b>	(22,256,432)
Disposals of station leases	-	(19,250)	(558)	-	-	(5,937)	-	(7,587)	(68,344)	(4,014,390)	<b>(4,116,066)</b>	-
Disposals of sale and leaseback (note 35)	-	(9,649,889)	(3,100,940)	-	-	(132,809)	(187,250)	(779,527)	(1,192,625)	(2,137,660)	<b>(17,180,700)</b>	-
At the end of the year	-	325,616,770	92,389,627	60,096,432	1,275,369	34,101,569	15,429,006	24,698,281	19,917,760	119,870,704	<b>693,395,518</b>	473,165,148
<b>Net book amounts:</b>												
<b>As at 31 December 2022</b>	<b>773,357,222</b>	<b>507,662,050</b>	<b>96,507,650</b>	<b>73,551,953</b>	<b>285,794</b>	<b>12,760,197</b>	<b>12,616,313</b>	<b>15,125,337</b>	<b>13,541,629</b>	<b>235,631,187</b>	<b>1,741,039,332</b>	
As at 31 December 2021	457,057,660	497,865,510	83,845,428	38,006,385	25,336	7,159,430	10,392,990	15,582,144	14,461,715	172,396,868		1,296,793,466

(\*) The above property, plant and equipment includes lands and buildings amounting of SR 99,384,518 (31 December 2021: SR 107,686,159) mortgaged to local banks as securities to loans and bank facilities provided by these banks (note 20).

(\*\*) The residual value of certain motor vehicles within property, plant and equipment has been adjusted to become 20% residual value, and this adjustment has been accounted prospectively. The effect of residual value adjustment of motor vehicles led to decrease in depreciation by SR 1.1 million for this category of motors vehicles. During the year 2022. The effect of this amendment on subsequent periods is a decrease in consumption by SR 12.5 million for this category of Motors vehicles.

# Notes To Consolidated Financial Statements (continued)

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense was charged to the consolidated statement of income as follows:

	31 December 2022 SR	31 December 2021 SR
	<b>89,433,875</b>	63,486,702
General and administrative expenses (note 29)	<b>2,837,370</b>	1,957,027
	<b>92,271,245</b>	65,443,729

## 6. PROJECTS IN PROGRESS

This 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 expenditures of project management, finance costs, and other miscellaneous expenses eligible for capitalization.

The movement of the projects in progress during the year is as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	<b>88,822,197</b>	65,744,738
Additions from the acquisition of a subsidiary (note 2)	<b>17,040,108</b>	-
Addition during the year	<b>102,941,350</b>	126,497,286
Depreciation of right of use assets ("a")	<b>13,436,036</b>	5,964,452
lease liabilities' interest ("b")	<b>7,595,008</b>	5,907,008
loans and Murabah interest ("c")	<b>7,464,935</b>	3,249,440
Transfer to property, plant and equipment (note 5 "d")	<b>(33,667,084)</b>	(118,540,727)
Impairment of projects in progress ("e")	<b>(105,641)</b>	-
At the end of the year	<b>203,526,909</b>	88,822,197

## 6. PROJECTS IN PROGRESS (continued)

- This represents capitalization of right of use assets' depreciation relating to these projects in progress (note 8)
- This represents interest payments of lease contract liabilities that has been capitalized on construction work in progress (note 19).
- This represents finance costs eligible for capitalization. The rate used to determine finance costs eligible for capitalization is the weighted average rate of borrowing costs (5,4%) on the Group's outstanding loans during the year, and which has been used for financing these projects.
- Transfers to property, plant and equipment mainly represent the cost of construction of new stations in all regions of the Kingdom.
- The Group regularly inspects the completion percentage of those projects. During the last inspection of such projects, an impairment was recorded at an amount of SR 0,11 million on the value of the projects in progress as at 31 December 2022.

## 7. INVESTMENT PROPERTIES

This represents investment properties acquired through the acquisition of Naft Services Company Limited (note 2).

Movement in Investments properties during the year is as follows:

Cost:	lands SR	TOTAL 31 December 2022 SR
Additions from the acquisition of a subsidiary (note 2)	89,481,000	<b>89,481,000</b>
<b>Net book amounts:</b>		
<b>As at 31 December 2022</b>	89,481,000	<b>89,481,000</b>

The investment properties of the Group consist of a land in Makkah Al Mukarramah.

There was no material difference between the fair value of the land as at 31 December 2022 and the fair value upon acquisition amounting SR 89.5 million. The fair value of the land of SR 89,5 million has been determined based on the valuation process performed by 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.

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## 7. INVESTMENT PROPERTIES (continued)

Below is the valuation technique used and the main inputs for valuation of investment properties:

	Valuation technique	Non-observable significant inputs	Scope
Properties (Commercial)	Comparable values approach	Price per square meter	SR 7,500 - SR 9,380 per square meter
		Fair value	SR 89,5 million

A significant increase (decrease) in the estimated price per square meter may result in a substantially higher (lower) fair value.

## 8. RIGHT OF USE ASSETS

The Group has leases related to fuel filling stations for which lease terms usually range between 5 years to 25 years. The Group's obligations under leases are secured by the lessor's title deeds for the leased land and buildings. In general, there are several leases that include extension and termination options and variable rental payments. The movement of right of use assets during the year is as follows:

	31 December 2022 SR	31 December 2021 SR
<b>Cost:</b>		
At the beginning of the year	<b>1,647,399,912</b>	1,516,979,153
Additions from the acquisition of a subsidiary, net (note 2)	<b>823,118,487</b>	-
Additions	<b>252,931,117</b>	203,023,501
Additions due to sale and leaseback of property, plant and equipment (note 35)	<b>94,480,304</b>	-
Adjustments to modified leases	<b>41,576,906</b>	-
Disposals	<b>(109,131,086)</b>	(72,602,742)
At the end of the year	<b>2,750,375,640</b>	1,647,399,912

## 8. RIGHT OF USE ASSETS (continued)

	31 December 2022 SR	31 December 2021 SR
<b>Accumulated depreciation</b>		
At the beginning of the year	<b>393,707,695</b>	328,216,140
Charge for the year (note 28)	<b>177,829,653</b>	95,493,688
Charge for projects in progress (note 6)	<b>13,436,036</b>	5,964,452
Disposals	<b>(55,154,390)</b>	(35,966,585)
At the end of the year	<b>529,818,994</b>	393,707,695
<b>Carrying value</b>	<b>2,220,556,646</b>	1,253,692,217

- During the year ended 31 December 2022, the Group terminated some leases for a number of stations before the end of its term. Consequently, these disposals resulted in gains of SR 4,841,119, which was recognized in the consolidated statement of income.
- Lease adjustments represent changes made to lease payments and terms agreed upon with the lessors.
- There were no leases which included guaranties of residual value committed by the Group.
- Uncapitalized depreciation was charged to the consolidated statement of income under cost of revenue.

The following are the amounts recognized in consolidated statement of income:

	31 December 2022 SR	31 December 2021 SR
Depreciation of right of use assets	<b>177,829,653</b>	95,493,688
Interest expense on lease liabilities (note 19)	<b>73,206,587</b>	41,462,576
Variable lease payments	<b>39,125,636</b>	31,730,247
	<b>290,161,876</b>	168,686,511

# Notes To Consolidated Financial Statements (continued)

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## 9. INTANGIBLE ASSETS - GOODWILL

Goodwill resulted from the acquisition of Zaiti Petroleum Services Company during 2015 and Naft Services Company Limited ("Naft") during 2022. Carrying amount of goodwill is as follows:

	Naft Services Company Limited	Zaiti Petroleum Services Company	31 December 2022 SR	31 December 2021 SR
<b>Cost:</b>				
As at the beginning of the year	-	4,308,993	<b>4,308,993</b>	4,308,993
Acquisition of a subsidiary (adjusted *)	491,039,211	-	<b>491,039,211</b>	-
As at end of the year	491,039,211	4,308,993	<b>495,348,204</b>	4,308,993
<b>Amortisation and impairment</b>				
As at the beginning of the year	-	-	-	-
Impairment	-	-	-	-
<b>Net book amounts:</b>	491,039,211	4,308,993	<b>495,348,204</b>	4,308,993

\* As stated in Note 2, the final valuation has been completed for the fair value of the purchased assets and the assumed obligations as a result of the acquisition of Naft during the last quarter of 2022. Based on the final valuation, the goodwill value has been adjusted by an increase of SR 35.4 million other than what has been determined at the date of acquisition.

Goodwill has been allocated to the Group's business units that represent the cash generating units to which the goodwill is managed. Cash generating units represent each station separately of Naft which were acquired during the year (Note 2). Upon acquisition, goodwill has been allocated based on the Group's valuation of stations representing cash generating units.

### *Goodwill impairment test*

Goodwill is tested annually for impairment by management. For the year ended 31 December 2022, the management has determined that goodwill carrying amounts are less than their recoverable amounts. Recoverable amounts were determined on the basis of current value calculations, using the cash flows projections for five years based on financial budgets approved by management. Cash flows beyond the budgets are extrapolated using the estimated growth rate for Company. In management's opinion, the growth rate assumptions do not exceed the long-term average growth rates for the business in which the Company operates.

Key assumptions for the value-in-use calculation are set out below:	%
Discount rate	<b>10,6 - 10,9</b>
Average annual growth rate for sale	<b>2 - 2,5</b>
Terminal growth rate	<b>1,4 - 2</b>

## 9. INTANGIBLE ASSETS - GOODWILL (continued)

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 a key assumption 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.

## 10. OTHER INTANGIBLE ASSETS

Intangible assets mainly include accounting and operating programs related to stations, the following is the movement of intangible assets during the year:

	31 December 2022 SR	31 December 2021 SR
<b>Cost:</b>		
<b>As at the beginning of the year</b>	<b>12,186,490</b>	11,562,029
Additions	<b>2,333,038</b>	624,461
Disposals	<b>(11,070)</b>	-
As at end of the year	<b>14,508,458</b>	12,186,490
<b>Accumulated amortization:</b>		
As at the beginning of the year	<b>12,186,490</b>	11,562,029
As at the beginning of the year	<b>9,952,500</b>	8,616,684
Amortization for the year	<b>1,003,116</b>	1,335,816
Disposals	<b>(11,069)</b>	-
<b>Net book amounts:</b>		
Balance as at 31 December	<b>3,563,911</b>	2,233,990

# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
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## 11. 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.

Company	Ownership	Country of Incorporation	31 December 2022 SR	31 December 2021 SR
Middle East Battery Company	12.79%	Kingdom of Saudi Arabia	156,730,962	152,434,290
Investment in SABB portfolio		Kingdom of Saudi Arabia	323,891	34,345,661
National Tourism Company	0.36%	Kingdom of Saudi Arabia	1,033,034	543,247
Racing Co. Ltd.	25%	Kingdom of Saudi Arabia	125,000	125,000
			<b>158,212,887</b>	187,448,198

The movement of the investments at FVOCI is as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	187,448,198	186,661,450
Additions from the acquisition of a subsidiary (note 2)	1,110,137	-
Addition during the year	317,676	1,137,777
Transferred to investments at FVTPL	(631,857)	-
Disposals during the year	(39,127,136)	(505,920)
Change in fair value during the year	9,095,869	154,891
At the end of the year	<b>158,212,887</b>	187,448,198

### B) Investments at fair value through profit or loss (FVTPL)

The Group has made investments in locally managed investment Funds, which do not confer control or decision-making rights in the investee. The Group has classified these investments at FVTPL in accordance with the Group's business model for such investments.

Investee	Country of Incorporation	31 December 2022 SR	31 December 2021 SR
Mutual funds – Al Jazira Bank	Kingdom of Saudi Arabia	-	125,445
		-	125,445

## 11. INVESTMENTS (continued)

The movement in FVTPL investments was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	125,445	275,766
Transferred from investments at fair value through other comprehensive income	631,857	-
Investments in investment funds (Al Rajhi bank and Al Jazira Bank)	1,712,699,999	705,000,000
Disposals during the year ("a")	(1,715,429,188)	(707,037,593)
Realized gains during the year	1,971,887	1,885,950
Change in fair value during the year	-	1,322
At the end of the year	-	125,445

- a. During the year, the Group achieved profits at an amount of SR 1,971,887 (2021: SR 1,885,950) from sale of several investments in funds and investment portfolios.

## 12. INVESTMENTS IN DEBT INSTRUMENTS

	31 December 2022 SR	31 December 2021 SR
Debt instruments with fixed interest (Sukuk) – at amortized cost	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 2022 (31 December 2021: Nil). The details of these investments are as follows:

	Maturity Date	Nominal value	Credit Rating
Investment in Sukuk – Riyadh Bank	17 September 2027	150,000,000	BBB+
Investment in Sukuk – Riyadh Bank	17 September 2027	100,000,000	BBB+



# Notes To Consolidated Financial Statements (continued)

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## 13. INVENTORIES

	31 December 2022 SR	31 December 2021 SR
Fuel and petroleum materials	56,435,544	30,638,882
Catering Supplies	35,442,249	26,084,969
Spare parts and consumables	2,986,551	1,764,882
Customs traffic document (TripTik) and international licenses	1,784,690	1,310,050
Others	-	318,085
	96,649,034	60,116,868
Less: provision for slow moving and obsolete items	(14,074,602)	(8,535,943)
Balance at the end of the year	82,574,432	51,580,925

The movement in the provision for slow moving and obsolete inventories was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	8,535,943	4,000,000
Relating to Acquisition of a subsidiary	4,707,318	-
Charge for the year	831,341	4,535,943
	14,074,602	8,535,943

## 14. TRADE RECEIVABLES

	31 December 2022 SR	31 December 2021 SR
Trade receivables	167,427,313	162,024,195
Provision for expected credit losses	(34,389,128)	(21,565,176)
	133,038,185	140,459,019

## 14. TRADE RECEIVABLES (continued)

Movement in provision for ECL during the year was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	21,565,176	19,840,176
Relating to Acquisition of a subsidiary	73,676,725	-
Provision for expected credit losses	6,793,539	1,725,000
Reversal of a provision during the year	(10,941,305)	-
Write-off during the year	(56,705,007)	-
At the end of the year	34,389,128	21,565,176

Trade receivables comprise interest free net receivables due from customers with no credit rating. All 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 collateral 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	Below 90 days SR	91-180 days SR	181-360 Days SR	>360 days SR
<b>31 December</b>	<b>167,427,313</b>	<b>58,812,583</b>	<b>30,074,454</b>	<b>25,495,411</b>	<b>53,044,865</b>
<b>Expected credit losses ("ECL")</b>	<b>(34,389,128)</b>	<b>(67,389)</b>	<b>(217,448)</b>	<b>(307,491)</b>	<b>(33,796,800)</b>
<b>Expected credit loss rate</b>	<b>20.5%</b>	<b>0.1%</b>	<b>0,7%</b>	<b>1,2%</b>	<b>63,7%</b>
31 December	162,024,195	75,712,586	22,105,199	14,524,668	49,681,742
Expected credit losses ("ECL")	(21,565,176)	(42,259)	(136,360)	(192,825)	(21,193,732)
Expected credit loss rate	13.3%	0.1%	0,6%	1,3%	42,7%

Refer to note (38) for information presenting expected credit losses exposure of the Group's trade receivables.

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## 15. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022 SR	31 December 2021 SR
Prepayments	41,136,730	31,009,487
Advances to suppliers	21,029,778	21,150,300
Other receivables ("a")	9,617,461	9,617,461
Refundable deposits	6,554,626	4,124,249
Discounts from goods vendors	4,276,035	3,492,814
Employee advances and loans	3,753,295	4,311,007
Prepaid rentals	3,229,974	1,312,312
Letters of guarantee cash margin	750,000	750,000
Due from related parties (note 26)	60,563	50,701
Others	7,134,327	1,426,939
	<b>97,542,789</b>	<b>77,245,270</b>

- a. The balance of other receivables represents an amount of 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 at 31st December 2022.

## 16. BANK BALANCES AND CASH ON HANDS

	31 December 2022 SR	31 December 2021 SR
Short term deposits*	400,000,000	-
Bank balances	228,697,485	148,150,973
Cash on Hand	8,275,996	6,597,777
Bank balances and cash on hands	<b>636,973,481</b>	<b>154,748,750</b>
Less: Retentions by banks for dividend distribution payable to shareholders	<b>(77,264,901)</b>	<b>(58,244,837)</b>
Cash and cash equivalents	<b>559,708,580</b>	<b>96,503,913</b>

\* Short Term deposits are highly liquid deposits with a maturity period of three months, and carry an average interest rate of 5.05%

## 17. SHARE CAPITAL

The authorized, issued and fully paid share capital consists of 60 million shares of SR 10 each (2021: 60 million shares of SR 10 each).

## 18. 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 to 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

## 19. 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 obligations 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 was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	<b>1,278,083,590</b>	1,174,487,723
Additions	<b>252,931,117</b>	203,023,501
Adjustments to modified leases	<b>41,576,906</b>	-
Additions from the acquisition of a subsidiary (note 2)	<b>823,118,487</b>	-
Additions due to sale and leaseback of property, plant and equipment (note 35)	<b>206,392,946</b>	-
Accrued interest	<b>73,206,587</b>	41,462,576
lease interest charged to projects in progress (note 6)	<b>7,595,008</b>	5,907,008
Disposals	<b>(58,817,815)</b>	(35,666,535)
Payments	<b>(238,330,297)</b>	(87,286,675)
Transferred to accrued lease payments	<b>(18,438,700)</b>	(23,844,008)
At the end of the year	<b>2,367,317,829</b>	<b>1,278,083,590</b>
Less: Current portion:	<b>(253,649,968)</b>	(103,653,960)
Non-Current portion	<b>2,113,667,861</b>	<b>1,174,429,630</b>

The maturity analysis of lease liabilities are disclosed in note 38.

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## 20. LOANS

### Long term loans

During the year 2022, the Group obtained term loans in the form of Murabaha financing with a total value of SR 1.34 billion (2021: SR 217 million) for the purpose of financing the acquisition of Naft (Note 2) in addition to financing some other projects under construction.

The interest is due according to SIBOR plus profit margin according to the interest rates prevailing in the market. These loans are secured by mortgages on plots of land and buildings (note 5), in addition to being secured by promissory notes.

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 2022, and obtained a waiver letter from the banks before the end of the year as a result of incompliance.

The movement in long-term loans during the year was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	614,238,229	567,471,337
Proceeds during the year	1,340,000,000	217,362,391
Paid during the year	(341,287,908)	(170,595,499)
At the end of the year	1,612,950,321	614,238,229

The following table summarizes the total remaining instalments of the Group's long term-loans:

	31 December 2022 SR	31 December 2021 SR
Total instalments	1,635,081,580	620,592,048
Less: Finance cost	(22,131,259)	(6,353,819)
Due amounts	1,612,950,321	614,238,229
Current portion	51,809,756	76,808,250
Non- current portion	1,561,140,565	537,429,979
	1,612,950,321	614,238,229

### Murabaha financing & short-term loans

These represent 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.

## 21. EMPLOYEES' DEFINED BENEFIT LIABILITIES

	31 December 2022 SR	31 December 2021 SR
Defined benefit liability	41,644,697	20,937,754

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 allowance 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 DBO at the reporting date of the consolidated financial statements.

The defined benefit is calculated regularly by qualified actuaries using projected credit unit method. The present value of the DBO 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 DBO, if any, are recognized and reported within re-measurements of employees' terminal benefits under 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: Discount rate decreases to exceed employees' defined benefit obligations
- Salary change risk: The present value of the end-of-service 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.

### Employees' Terminal benefits expense:

	31 December 2022 SR	31 December 2021 SR
Cost of current service	6,087,127	1,765,309
Financial charges related to employees' terminal benefit plans	906,433	494,351
Total benefit expense	6,993,560	2,259,660

### Actuarial gain/(loss)

Actuarial gains (losses) charged to the consolidated statement of comprehensive income

	31 December 2022 SR	31 December 2021 SR
Actuarial gains (losses) on employees' defined benefit liabilities	594,378	(1,811,050)

# Notes To Consolidated Financial Statements (continued)

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## 21. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Movement of present value of employees' terminal benefits liabilities for the two years ended 31 December:

	31 December 2022 SR	31 December 2021 SR
As at the beginning of the year	20,937,754	18,254,415
Additions due to the acquisition of a subsidiary (note 2)	21,316,710	-
Employees' terminal benefits expense	6,993,560	2,259,660
Benefits paid	(7,008,949)	(1,387,371)
Actuarial (Gains) losses from employees' terminal benefits	(594,378)	1,811,050
As at end of the year	41,644,697	20,937,754

### Principal actuarial assumptions

	31 December 2022 SR	31 December 2021 SR
Salary Growth Rate	2.7%	2.7%
Discount rate	4.35%	2.3%
Number of employees covered under terminal benefits plan	4,137	2,135

### Sensitivity analysis

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits liabilities as at 31 December:

Assumptions	Salary Growth Rate		Discount rate	
	Increase by 50 basis points SR	decrease by 50 basis points SR	Increase by 50 basis points SR	decrease by 50 basis points SR
<b>2022</b>	<b>44,733,747</b>	<b>38,150,359</b>	<b>38,150,828</b>	<b>44,734,735</b>
2021	21,758,653	20,164,962	20,214,500	21,712,891

The sensitivity analysis above was performed based on a method by which the impact on employees' defined benefit liabilities is expected due to reasonable change in principal assumptions which took place at the end of the next period.

## 21. EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

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 obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The below represents the amounts expected to be paid or compensation of employee terminal benefits planned for the next years:

	31 December 2022 SR	31 December 2021 SR
Within 12 months (next current period)	3,395,676	3,039,606
Two to five years	20,758,015	12,367,908
More than five years	40,403,209	15,258,248

## 22. TRADE PAYABLES

	31 December 2022 SR	31 December 2021 SR
Vendors of fuel and petroleum materials	721,614,509	328,522,564
Vendors of goods and services	56,040,972	21,561,480
	777,655,481	350,084,044

## 23. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022 SR	31 December 2021 SR
Deferred revenue	73,555,161	41,704,469
Accrued expenses	40,328,828	17,775,090
Accrued finance costs	22,131,259	4,897,223
Accrued lease payments	18,438,700	23,844,008
Performance bonds	13,353,102	16,817,809
Value added tax payable, net	7,019,832	3,094,727
Deposits for others	6,418,346	4,078,940
Amounts due to related parties (note 26)	41,000	69,000
Others	13,399,199	348,428
	194,685,427	112,629,694

# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
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## 24. DIVIDENDS PAYABLE TO SHAREHOLDERS

	31 December 2022 SR	31 December 2021 SR
Dividends	54,747,431	35,688,357
Shares sold in Auction	16,626,600	16,664,860
Underwriting surplus - at incorporation	2,233,200	2,233,950
Surplus of Capital decrease	2,119,778	2,119,778
Underwriting surplus - second installment	1,537,892	1,537,892
	77,264,901	58,244,837

## 25. ZAKAT

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 2021.

The provision calculation is based on the following:

	31 December 2022 SR	31 December 2021 SR
Equity	799,936,550	762,749,730
Opening provisions and other adjustments	4,050,790,556	1,985,838,995
Book-value of long-term assets	(4,913,409,889)	(2,816,813,901)
	(62,682,783)	(68,225,176)
Zakatable income for the year	248,658,499	58,662,574
Zakat base	248,658,499	58,662,574

## 25. ZAKAT (continued)

### Movement in provision during the year

The movements in provision for Zakat during the year was as follows:

	31 December 2022 SR	31 December 2021 SR
At the beginning of the year	6,303,772	5,585,813
Relating to Acquisition of a subsidiary (note 2)	3,982,633	-
Charge during the year	8,509,744	3,613,333
Paid during the year	(5,105,566)	(2,895,374)
At the end of the year	13,690,583	6,303,772

### Zakat status - SASCO

The Company has submitted its zakat returns to the Zakat, Tax and Customs Authority ("ZATCA") for all previous years up to 2021. 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 claims of SR 12.3 million. The Company filed an appeal against these assessments with the General Secretariat of Tax Committees (GSTC). This appeal is still pending with the GSTC and has not been decided upon until the date of these consolidated financial statements. Management believes its zakat position is appropriate, and this will not lead to any further provisions. Final assessments have not yet been raised by the ZATCA for the years 2009 up to 2013 and for the years 2019 up to 2021.

### Zakat status - NAFT

The Company filed its zakat declarations with ZATCA for all the years up to 2021. ZATCA raised Zakat assessments up to 2016. The final assessments for all years have not yet been raised by ZATCA.



# Notes To Consolidated Financial Statements (continued)

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## 26. 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 transactions 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	
			2022 SR	2021 SR	2022 SR	2021 SR
Najmat Al Mada'in Company - Najmat Projects	Affiliated Company	sale of fuel	53,056	52,911	12,592	4,618
Entertainment Gate Company	Affiliated Company	sale of fuel and lease of residential rooms	89,250	90,487	10,772	3,680
Ibrahim Al Hadithi for Investment Company	Affiliated Company	Sale of fuel	257,979	168,069	32,852	26,018
Zawaya Real Estate Company	Affiliated Company	Sale of fuel	14,795	16,610	4,347	2,368
Nahaz Investment Company	Affiliated Company	Sale of fuel	60,636	53,686	-	14,017
Arzaq Agricultural Company	Affiliated Company	Sale of fuel	44,340	36,920	-	-
					60,563	50,701

### b. Amounts due to related parties

Related Party	Relationship	Nature of transaction	Amounts of transactions		Balance	
			2022 SR	2021 SR	2022 SR	2021 SR
Nahaz Investment Company	Affiliated Company	lease of an administrative building and stations	2,187,000	2,178,000	41,000	69,000
Najmat Al Mada'in Real Estate Company	Affiliated Company	lease of stations	1,650,000	1,650,000	-	-
					41,000	69,000

### Benefits and Remuneration of key management personnel

Senior management consists of key management personnel of the Group who have the power 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 2022 SR	31 December 2021 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	1,329,000	889,000
Senior management salaries and benefits	7,888,423	6,561,481

### 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 of 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 2022 and 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each reporting period by examining the financial position of the related party and the market in which the related party operates.

## 27. REVENUES

	31 December 2022 SR	31 December 2021 SR
Fuel revenue	7,271,225,498	3,702,237,540
Leasing revenue	235,074,560	150,273,003
Catering revenue	227,931,684	185,368,841
Others	117,979,386	23,763,241
	7,852,211,128	4,061,642,625

### Timing of revenue recognition

Over a period of time	235,074,560	150,273,003
At a point in time	7,617,136,568	3,911,369,622
	7,852,211,128	4,061,642,625

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## 28. COST OF REVENUES

	31 December 2022 SR	31 December 2021 SR
Direct materials	7,002,557,230	3,550,493,976
Employees' costs	182,397,450	119,498,924
Depreciation of right of use assets (note 8)	177,829,653	95,493,688
Depreciation of property, plant and equipment (note 5)	89,433,875	63,486,702
lease of stations	34,018,220	32,243,373
Utilities	22,434,497	14,934,981
Repairs and maintenance	21,618,491	10,548,390
Bank charges	10,203,151	1,320,473
Professional fees	1,434,814	717,452
Amortization of Intangible assets	447,350	429,249
Others	37,652,833	13,177,097
	<b>7,580,027,564</b>	<b>3,902,344,305</b>

## 29. COST OF REVENUES

	31 December 2022 SR	31 December 2021 SR
Salaries, wages and employees' benefits	66,495,837	32,941,771
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 26)	24,500,000	-
Professional and consultancy fees	6,755,909	3,573,563
Bank charges	5,746,406	4,806,522
Depreciation of property, plant and equipment (note 5)	2,837,370	1,957,027
Repair and maintenance expenses	2,211,446	1,265,502
Provision for customs claims	811,836	715,782
Electricity and water	577,897	765,203
Amortization of Intangible assets	555,766	906,567
Others	11,675,286	3,696,239
	<b>177,167,753</b>	<b>50,628,176</b>

## 30. FINANCE COSTS

	31 December 2022 SR	31 December 2021 SR
Interest on Lease liabilities	73,206,587	41,462,576
Interest on Murabaha financing and loans	41,761,423	15,765,387
	<b>114,968,010</b>	<b>57,227,963</b>

## 31. OTHER INCOME, NET

	31 December 2022 SR	31 December 2021 SR
Gain from sale and leaseback of property, plant and equipment (note 35)	95,058,304	-
Deposits and investments in debt instruments	10,349,348	-
Gain from sale of property, plant and equipment	6,643,413	1,476,745
Gains from sale of business*	5,186,578	-
Others	4,944,548	(1,098,809)
	<b>122,182,191</b>	<b>377,936</b>

\* The Group realized gains at an amount of SR 5,1 million from the disposal a business within Naft.

## 32. 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 into 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 2022 SR	31 December 2021 SR
Income for the year attributable to shareholders of the Parent	89,706,421	50,842,979
Weighted average number of outstanding shares	(60,000,000)	60,000,000
Basic and diluted earnings per share:	<b>1.5</b>	<b>0.85</b>

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## 33. DIVIDENDS

### 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 (BoD) 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 (BoD) has 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).

### 2021:

The shareholders' general assembly, in its meeting held on 6 Dhul Al-Qi'dah 1442H (corresponding to 16 June 2021), approved cash dividends of SR 12 million (at SR 0.20 per share) for the year 2020. 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 2021.

The Board of Directors (BoD) has resolved on 1 Safar 1443 H (corresponding to 8 September 2021) and 23 Jumada Al-Ula 1443 H (corresponding to 27 December 2021), to distribute interim dividends for the year 2021 of SR 18 million (at 0.30 SR per share) and SR 12 million (at 0.20 SR per share), respectively.

## 34. SEGMENT 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:	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.
Saudi Club:	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.

## 34. SEGMENT INFORMATION (continued)

	Retail and operation SR	Saudi Club SR	Transportation Fleet SR	Others SR	Inter-segment eliminations SR	TOTAL SR
<b>For the year ended 31 December 2022</b>						
Revenue	<b>7,833,606,609</b>	<b>11,097,142</b>	<b>7,507,377</b>	-	-	<b>7,852,211,128</b>
Inter-segment revenue	<b>33,905,415</b>	-	<b>37,719,974</b>	-	<b>(71,625,389)</b>	-
Depreciation of property, plant and equipment	<b>87,187,548</b>	<b>45,394</b>	<b>5,038,303</b>	-	-	<b>92,271,245</b>
Depreciation of right of use assets	<b>177,058,565</b>	-	<b>771,088</b>	-	-	<b>177,829,653</b>
Cost of revenue	<b>7,610,059,218</b>	<b>6,911,982</b>	<b>34,681,753</b>	-	<b>(71,625,389)</b>	<b>7,580,027,564</b>
Gross profit	<b>258,056,456</b>	<b>3,581,509</b>	<b>10,545,599</b>	-	-	<b>272,183,564</b>

<i>For year ended 31 December 2021</i>						
Revenue	4,046,828,607	8,508,847	6,305,171	-	-	4,061,642,625
Inter-segment revenue	30,995,859	-	31,873,757	-	(62,869,616)	-
Depreciation of property, plant and equipment	60,707,476	36,337	4,699,916	-	-	65,443,729
Depreciation of right of use assets	94,722,068	-	771,620	-	-	95,493,688
Cost of revenue	3,931,203,261	5,212,640	28,798,020	-	(62,869,616)	3,902,344,305
Gross profit	146,621,205	3,296,207	9,380,908	-	-	159,298,320

	Retail and operation SR	Saudi Club SR	Transportation Fleet SR	Others SR	Inter-segment eliminations SR	TOTAL SR
<b>As at 31 December 2022</b>						
Assets	<b>6,532,637,181</b>	<b>24,014,017</b>	<b>146,767,358</b>	<b>197,899,429</b>	<b>(789,460,209)</b>	<b>6,111,857,776</b>
Property, plant and equipment	<b>1,648,206,603</b>	<b>335,577</b>	<b>71,832,053</b>	<b>20,665,099</b>	-	<b>1,741,039,332</b>
Right of use assets	<b>2,219,294,641</b>	-	<b>1,262,005</b>	-	-	<b>2,220,556,646</b>
Liabilities	<b>5,414,234,246</b>	<b>4,358,157</b>	<b>90,738,362</b>	-	<b>(394,121,526)</b>	<b>5,115,209,239</b>

<i>As at 31 December 2021</i>						
Assets	3,354,610,406	31,124,270	98,879,767	344,666,518	(571,822,491)	3,257,458,470
Property, plant and quipment	1,228,022,497	200,097	47,905,773	20,665,099	-	1,296,793,466
Right of use assets	1,251,659,124	-	2,033,093	-	-	1,253,692,217
Liabilities	2,597,921,657	13,294,799	52,627,851	-	(218,322,387)	2,445,521,920

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

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## 34. SEGMENT INFORMATION (continued)

Reconciliation of information related to the gross profit of the segments to the income before zakat of the Group:

	31 December 2022 SR	31 December 2021 SR
Gross Profit	272,183,564	159,298,320
<b>Un-allocated items:</b>		
Selling and marketing expenses	(4,431,958)	(2,642,077)
General and administrative expenses	(177,167,753)	(50,628,176)
Finance charges	(114,968,010)	(57,227,963)
Provision for expected credit losses	4,147,766	(1,725,000)
Net gains from investments at FVTPL	1,971,887	1,887,272
Dividends from investment at FVOCI	2,373,600	5,116,000
Other income, net	122,182,191	377,936
Total un-allocated amounts	(165,892,277)	(104,842,008)
Income before zakat	106,291,287	54,456,312

## 35. SALE AND LEASE-BACK OF PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Company sold and leased back 9 fuel stations for the purpose of financing the acquisition of a Naft Services Company Limited (note 2). The profit from this transaction has been recognized in the consolidated statement of comprehensive income as follows:

	31 December 2022 SR
Cash proceeds from the sale and leaseback of property, plant and equipment	381,702,607
Book value of property, plant and equipment (note 5)	(174,731,661)
	206,970,946
Additions to the right of use assets due to leaseback (note 8)	94,480,304
Gain from sale and leaseback of property, plant and equipment (Note 31)	(95,058,304)
Additions to lease liabilities due to leaseback (note 19)	206,392,946

## 36. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

### Capital commitments

The Group has capital commitments of SR 54.2 million (31 December 2021: SR 48.7 million) mainly related to establishing and developing projects of fuel stations and the continuation of the new head office building.

### Contingent Liabilities

- As at 31 December 2022, the Group has bank letters of guarantee amounting to SR 2.1 billion (31 December 2021: SR 917 million). Those have been issued in the normal course of business of the Group.
- The Group has several lawsuit cases filed against it, related to the supply of labor and 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 2.1 million as at the date of these consolidated financial statements.
- 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).

## 37. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to 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.

Rate of the Group's net debt to its equity as 31 December were as the following:

	31 December 2022 SR	31 December 2021 SR
Total debt	2,692,556,130	1,132,126,362
<b>Net debt</b>	<b>(636,973,481)</b>	(154,748,750)
	2,055,582,649	977,377,612
<b>TOTAL EQUITY</b>	<b>996,648,537</b>	811,936,550
<b>Gearing ratio</b>	2.06	1.20

The Rate of net debt to equity has increased from 1.20 to 2.06 after the increase of short-term loans, long term debts to finance the acquisition of Naft (Note 2).

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## 38. 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 translation risk and commission 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 optimising 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*

Currency risk is the risk that the value of financial instrument will fluctuate due to the changes in the foreign exchange rates. The Group's transactions are principally 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 obligations with floating interest rates. Group manages interest rate risk through improvement of available funds and decrease of term loans.

### *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:

	100 basis points increase SR	100 base points Decrease SR
2022	(16,129,503)	16,129,503
2021	(6,142,382)	6,142,382

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### *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:

	2022 SR	2021 SR
Bank balances	628,697,485	148,150,973
Trade receivables	133,038,185	140,459,019
Amounts due from related parties	60,563	50,701
	761,796,233	288,660,693

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 14).

As at 31 December 2022, more than 89% (2021: 80%) of the Group's customers are companies and governmental authorities. Expected credit loss at an amount of SR 8,5 million has been recognized for those customers (2021: SR 7,5 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 authorities, 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 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 translations with related parties as at 31 December 2022 and 31 December 2021.



# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
(A SAUDI JOINT STOCK COMPANY) 31 DECEMBER 2022

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### 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 realize 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.

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 summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as at 31 December:

2022	Within 1 year SR	1 to 5 years SR	More than five years SR	TOTAL SR
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
Term loans and Murabaha financing	81,808,250	468,012,793	69,417,186	619,238,229
Trade Payables	350,084,044	-	-	350,084,044
Accrued expenses and other current liabilities	112,629,694	-	-	112,629,694
Lease liabilities	130,747,459	645,046,930	801,992,800	1,577,787,189
Dividends payable to shareholders	58,244,837	-	-	58,244,837
	733,514,284	1,113,059,723	871,409,986	2,717,983,993

As at 31 December 2022, the Group has available cash facilities amounting to SR 1.1 billion (31 December 2021: SR 2.2 billion) representing unwithdrawn cash from loan facilities granted.

## 39. 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 asset and financial liabilities. The Group's financial assets consist of bank balances, cash on hand, 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.

## 39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

The management assessed 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 approximate their carrying amounts largely 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.

Financial assets and liabilities measured at fair value:

	Levels of fair value		
	Level 1:	Level 2:	Level 3:
<b>31 December 2022</b>			
<b>Financial assets</b>			
Investments at fair value through other comprehensive income (FVOCI)	-	-	158,212,887
31 December 2021			
Financial assets			
Investments at fair value through other comprehensive income (FVOCI)	-	-	187,448,198

The investment is classified at fair value through other comprehensive income ("FVOCI") in level 3 of fair value hierarchy and is measured at fair value by management using income methods (discounted cash flows) and market (percentage of rate to profit).

The financial liabilities and assets as at 31 December are as follows:

Financial assets	31 December 2022 SR	31 December 2021 SR
Investments at fair value through other comprehensive income (FVOCI)	158,212,887	187,448,198
<b>Financial assets carried at amortized cost</b>		
Trade receivables	133,038,185	140,459,019
Investments in debt instruments	250,000,000	-
Amounts due from related parties	60,563	50,701
<b>Total financial assets carried at amortized cost</b>	<b>383,098,748</b>	140,509,720
<b>Total Financial assets</b>	<b>541,311,635</b>	327,957,918
Total current financial assets	133,098,748	140,509,720
Total non-current financial assets	408,212,887	187,448,198
	<b>541,311,635</b>	327,957,918

# Notes To Consolidated Financial Statements (continued)

**TO THE SHAREHOLDERS OF SAUDI AUTOMOTIVE SERVICES CO. (SASCO)**  
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## 39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Financial liabilities	31 December 2022 SR	31 December 2021 SR
<b>Financial liabilities carried at amortized cost</b>		
Trade Payables	777,655,481	350,084,044
Term loans	1,642,950,321	619,238,229
Amounts due to related parties	41,000	69,000
Accrued expenses	121,089,266	70,856,225
Dividends payable to shareholders	77,264,901	58,244,837
Total financial liabilities carried at amortized cost	2,619,000,969	1,098,492,335
Total current financial liabilities	1,057,860,404	561,062,356
Total non-current financial liabilities	1,561,140,565	537,429,979
	2,619,000,969	1,098,492,335

## 40. 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 adjustment to, or disclosure.

## 41. COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current period presentation.

## 42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial Statements were approved by the Board of Directors on 16 Sha'aban 1444H (corresponding to 8 March 2023).