

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AND REPORT REVIEW FOR THE THREE AND NINE MONTHS PERIODS
ENDED SEPTEMBER 30, 2021



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
AND REPORT REVIEW FOR THE NINE MONTHS PERIOD
ENDED SEPTEMBER 30, 2021

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**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

**The Shareholders
Saudi Automotive Services Co. (SASCO)
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Saudi Automotive Services Co. (SASCO) (the "Company")** and its subsidiaries (the "Group") as at 30 September 2021, and the related condensed consolidated interim statements of profit or loss, other comprehensive income for the three and nine-month period ended 30 September 2021 and changes in shareholders' equity and cash flows for the nine month period ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

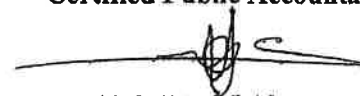
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.



**AlAzem & AlSudairy, Al Shaikh & Partners
Certified Public Accountants**



**Abdullah M. Al Azem
License No. 335**

20 Rabi' Alawal 1443H (corresponding to 26 October 2021)
Riyadh, Kingdom of Saudi Arabia

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SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

AS AT September 30, 2021
(All amounts in Saudi Riyals)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
NON- CURRENT ASSETS			
Property, plant and equipment, net	7	1,233,350,295	1,186,751,411
Good will		4,308,993	4,308,993
Intangible assets, net		5,287,409	6,010,304
Projects under progress		78,683,512	65,744,738
Investments at fair value through other comprehensive income	6	188,132,307	186,661,451
Right of use assets, net	8	1,234,457,536	1,188,763,013
TOTAL NON-CURRENT ASSETS		2,744,220,052	2,638,239,910
CURRENT ASSETS			
Inventory, net		75,177,331	42,171,818
Account receivable, Prepaid expense and other assets, net		245,930,284	201,641,811
Investments at fair value through profit or loss		125,131	275,766
Cash and cash equivalents		111,181,562	104,284,916
TOTAL CURRENT ASSETS		432,414,308	348,374,311
TOTAL ASSETS		3,176,634,360	2,986,614,221
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	1	600,000,000	600,000,000
Statutory reserve		60,474,991	60,474,991
Retained earnings		21,072,316	15,575,005
Accumulated changes for investments at fair value		129,758,814	128,699,734
TOTAL SHAREHOLDERS' EQUITY		811,306,121	804,749,730
NON- CURRENT LIABILITIES			
Murabahat Financing and long term loans		522,014,990	532,475,838
Lease Liabilities – non current portion	8	1,178,588,940	1,105,697,343
Employees' defined benefits obligations		19,131,293	17,854,415
TOTAL NON-CURRENT LIABILITIES		1,719,735,223	1,656,027,596
CURRENT LIABILITIES			
Murabahat Financing and short term loans		53,158,614	99,406,444
Current portion of murabahat and long term loans		76,808,250	34,995,499
Dividends payable		63,872,492	45,613,389
Accounts payables, accrued expenses and other liabilities		346,301,978	239,526,846
Lease Liabilities – current portion	8	100,061,660	100,708,904
Zakat provision		5,390,022	5,585,813
TOTAL CURRENT LIABILITIES		645,593,016	525,836,895
TOTAL LIABILITIES		2,365,328,239	2,181,864,491
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,176,634,360	2,986,614,221

The accompany from (1) to (12) are integrated part of these condensed consolidated interim financial statements.

Islam khairi
Chief Financial Officer

Riyadh Bin Saleh Al malik
Chief executive Officer

Sultan Bin mohammad al-hudaithi
Vice chairman and managing directors

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

(All amounts in Saudi Riyals)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenues	1,140,822,056	586,828,407	2,847,227,772	1,525,268,121
Cost of revenues	(1,104,412,405)	(547,150,292)	(2,738,224,702)	(1,409,273,285)
GROSS PROFIT	36,409,651	39,678,115	109,003,070	115,994,836
Selling and marketing expenses	(426,754)	(428,919)	(1,601,844)	(1,379,282)
Expected credit losses	(695,000)	378,204	(1,205,000)	(25,063,814)
General and Administrative expenses	(12,428,229)	(10,909,909)	(33,751,423)	(29,866,292)
NET PROFIT FROM MAIN OPERATIONS	22,859,668	28,717,491	72,444,803	59,685,448
Financing charges	(12,422,942)	(11,099,836)	(36,649,781)	(29,483,747)
Un-realized gain on Investments at fair value through profit or loss	(25,804)	-	1,007	5,464
Realized gain on Investments at fair value through profit or loss	118,182	-	480,066	-
Dividends from investments at fair value through other comprehensive income	329,221	329,222	987,663	727,527
Other income, net	1,459,690	434,863	933,137	1,601,650
NET INCOME FOR THE PERIOD BEFORE ZAKAT	12,318,015	18,381,740	38,196,895	32,536,342
Zakat	(913,750)	(931,250)	(2,699,583)	(2,523,753)
NET INCOME FOR THE PERIOD OTHER COMPREHENSIVE INCOME:	11,404,265	17,450,490	35,497,312	30,012,589
ITEMS NOT TO BE RECLASSIFIED TO PROFIT OR LOSS:				
Net change in fair value of Investments at fair value through other comprehensive income	965,497	3,181,784	1,059,079	608,282
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,369,762	20,632,274	36,556,391	30,620,871
Earnings per share:				
Earnings per share from profit from main operations	0.38	0.48	1.21	0.99
Net income for the period	0.19	0.29	0.59	0.50

The accompany from (1) to (12) are integrated part of these condensed consolidated interim financial statements.

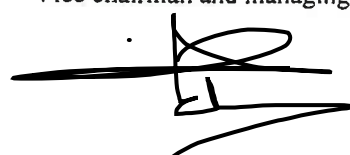
Islam khairi
Chief Financial Officer



Riyadh Bin Saleh Al malik
Chief executive Officer



Sultan Bin mohammad al-hudaithi
Vice chairman and managing directors



SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

(All amounts in Saudi Riyals)

For The Period Ended At 30 September 2020 (Unaudited)

	Share Capital	Statutory reserve	Retained earnings	Accumulated changes for investments at fair value	Total
Balance at 1 January 2020	600,000,000	55,540,389	69,057,671	126,847,800	851,445,860
Net profit for the year	-	-	30,012,589	-	30,012,589
Dividends	-	-	(60,000,000)	-	(60,000,000)
Other comprehensive loss	-	-	-	608,282	608,282
Balance at 30 nine 2020 (Unaudited)	600,000,000	55,540,389	39,070,260	127,456,082	822,066,731

For The Period Ended At 30 September 2021 (Unaudited)

Balance at 1 January 2021	600,000,000	60,474,991	15,575,005	128,699,734	804,749,730
Net profit for the year	-	-	35,497,312	-	35,497,312
Dividends	-	-	(12,000,000)	-	(12,000,000)
Interim dividends	-	-	(18,000,000)	-	(18,000,000)
Other comprehensive income	-	-	-	1,059,079	1,059,079
Balance at 30 nine 2021(Unaudited)	600,000,000	60,474,991	21,072,317	129,758,813	811,306,121

The accompany from (1) to (12) are integrated part of these condensed consolidated interim financial statements.

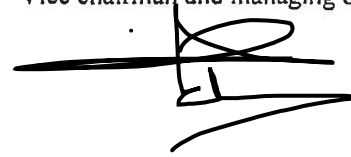
Islam khairi
Chief Financial Officer



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Vice chairman and managing directors



SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
(All amounts in Saudi Riyals)

	<u>30 September 2021</u>	<u>30 September 2020</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	SR	SR
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income for the period before zakat	38,196,895	32,536,342
Adjustment for reconciling net profit for the year to net cash provided by operating activities:		
Charged from provision for custom claims	303,655	246,803
Charged from provision for non-moving inventory		1,001,350
Charged from provision for expected credit losses	1,205,000	25,063,814
Un-realized gain on Investments at fair value through profit or loss	(1,007)	(5,464)
Realized gain on Investments at fair value through profit or loss	(480,066)	-
Depreciation of property, plant and equipment & amortization of right of use	125,583,700	104,292,115
Amortization of intangible assets	1,012,537	895,578
Financing charges	36,649,781	29,483,747
Charged from employees' defined benefits obligations	2,437,033	3,916,470
Loss on sale of property, plant and equipment	(1,229,325)	(77,521)
	<u>203,678,203</u>	<u>197,353,234</u>
Changes in operating assets and liabilities:		
Account Receivable, Prepaid expense and other assets	(45,493,473)	76,224,558
Inventory	(33,005,513)	(6,745,024)
Accounts payables, accrued expenses and other liabilities	106,471,477	(64,108,679)
Financing charges paid	(36,649,781)	(29,483,747)
Estimated zakat paid	(2,895,374)	(4,723,144)
Employees' defined benefits obligations paid	(1,160,155)	(2,058,224)
Net cash provided by operating activities	<u>190,945,384</u>	<u>166,458,974</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Additions to property, plant and equipment	(39,940,661)	(84,657,229)
Additions to capital work in progress	(70,581,209)	(30,167,724)
Proceed from sale of property, plant and equipment	4,526,024	350,390
Additions to intangible assets	(238,937)	(290,990)
Net cash used in investing activities	<u>(106,234,783)</u>	<u>(114,765,553)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Dividends Accrued	18,259,103	136,835
Paid Dividends	(30,000,000)	(60,000,000)
Net change in murabahat & loans	(14,895,927)	116,151,034
Lease liabilities	(51,177,131)	(96,228,628)
Net cash (used in) provided by financing activities	<u>(77,813,955)</u>	<u>(39,940,759)</u>
Net changes in cash and cash equivalents	<u>6,896,646</u>	<u>11,752,662</u>
Cash and cash equivalents balances, beginning of the period	104,284,916	65,018,456
cash and cash equivalents balances, end of period	<u>111,181,562</u>	<u>76,771,118</u>
<u>Non cash item</u>		
Transferred from capital work in progress to property, plant and equipment	<u>57,466,799</u>	<u>18,902,447</u>

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Islam khairi
Chief Financial Officer



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Chief executive Officer



Sultan Bin mohammad al-hudaithi
Vice chairman and managing directors



SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

(All amounts in Saudi Riyals)

1) ORGANISATION AND ACTIVITIES

A- The Saudi Automotive Services Company (SASCO), a Saudi joint stock company under Ministerial Resolution No. (563) dated 23 Dhu al-Hijjah 1402 H corresponding to October 12, 1982, was established in the city of Riyadh under the Commercial Registration No. 1010054361 and the date of Rajab 28 1404 H corresponding to April 30, 1984.

B- The main activity of the group is to provide services to cars and travellers by establishing central workshops to provide the highest level of maintenance and repair and establishing a network of car service stations, as well as providing restrooms and restaurants, importing and selling foodstuffs, drinks, refreshments and raw materials required for this, importing cars and spare parts of all kinds for the group's business And trading in them after obtaining the necessary licenses, and carrying out all types of contracting for the establishment, management, maintenance and operation of residential and commercial buildings, contracts for maintenance operations of cars and equipment for individuals and companies, and participation with bodies or companies that carry out works similar to their work or merge them with them or establish subsidiary companies owned by them or with Others.

C- The group's capital is 540,000,000 Saudi riyals, with 54,000,000 shares, each share value of 10 Saudi riyals. On May 22, 2019, the Twelfth Extraordinary General Assembly approved the recommendation of the Board of Directors to increase the capital from 540,000,000 Saudi riyals to 600,000,000 Saudi riyals, an increase of 11.11% by granting one free share for every 9 shares owned by the shareholders at the end of the trading day of the twelfth extraordinary general assembly meeting, provided that the value of the increase is paid by transferring an amount of 60,000,000 Saudi riyals from item Retained earnings, thus increasing the number of shares from 54,000,000 shares to 60,000,000 shares with an increase of 6,000,000 shares.

D- The current liabilities of the company exceeded its current assets by an amount of 213,178,708 Saudi riyals. However, the management and members of the board of directors expect the company's ability to obtain sufficient cash flows to meet its continuing obligations and reschedule the payment. These interim financial statements have been prepared in accordance with the going concern principle.

E- The head office of the Group is located at the following address:

Saudi Automotive Services Company (SASCO)

Riyadh - Al-Malaz Al-Ahsa Street, the intersection of Al-Ahsa with Omar bin Abdulaziz

Kingdom of Saudi Arabia

F- The consolidated interim financial statements as of September 30, 2021 AD include the interim financial statements of the following subsidiaries:

The name of the subsidiary company	The main activity of the subsidiary	ownership percentage % Direct and indirect
Fleet Transportation Company	Transporting goods and equipment for a fee on land roads under the license of the Ministry of Transport No. 010111046000 and the expiration date is 5/3/1440 AH.	100%
Saudi Automobile Club Company	Participation in local and international clubs for cars and motorcycles, local and international associations and bodies interested in car and motorcycle affairs, issuance of customs transit books (Triptik) and international driving licenses, establishing, managing, maintaining and operating motorsports and motorbike circuits, holding races and events for motorsports and motorcycles, and participating in races and events.	100%
Automobile and Equipment Investment Limited Company	Establishing workshops for the repair of cars, heavy equipment, car service stations and travelers on the main roads between the cities of the Kingdom to provide fuel, oils and maintenance for cars and heavy equipment, establish rest houses, motels and restaurants, provide meals, drinks and refreshments for travelers, wash and lubricate cars and equipment, import and sell equipment and tools, and construct roads and bridges.	100%
The First Palm Company	General contracting of buildings (construction, repair, demolition, restoration), erection, management, maintenance and operation of residential and commercial buildings and road works.	100%
Sasco Palm Company	Import and sale of food, beverages, refreshments and equipment.	100%
Sasco Oasis Company	Hotels.	100%
Zaiti Petroleum Services Company	Establishment, management and operation of fuel stations.	100%
Sasco property company	Notarization of lease contracts	100%
Sasco Investment franchise company	Manufacturing industries and their branches according to industrial licenses, business and financial services and services Other, Trade and Information Technology.	100%

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

(All amounts in Saudi Riyals)

1) ORGANISATION AND ACTIVITIES (CONTINUED)

F- The accompanying consolidated interim financial statements include the assets, liabilities and results of the main commercial register business and all the following subsidiary registers:

Number	Number of commercial register	Name of branch	City
1	1010671614	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
2	1010671615	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
3	1010681876	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
4	1010950315	Branch of the Saudi Automotive Services Company (SASCO)	Riyadh
5	1128184243	Branch of the Saudi Automotive Services Company (SASCO)	Onaizah
6	1131306676	Branch of the Saudi Automotive Services Company (SASCO)	Buraydah
7	2031100039	Branch of the Saudi Automotive Services Company (SASCO)	Al-ahsa
8	2050093628	Branch of the Saudi Automotive Services Company (SASCO)	Dammam
9	2055123121	Branch of the Saudi Automotive Services Company (SASCO)	Jubail
10	2511108346	Branch of the Saudi Automotive Services Company (SASCO)	Hafar Al Batin
11	3550122825	Branch of the Saudi Automotive Services Company (SASCO)	Tabuk
12	4030254775	Branch of the Saudi Automotive Services Company (SASCO)	Jaddah
13	4030308874	Branch of the Saudi Automotive Services Company (SASCO)	Jaddah
14	4031216803	Branch of the Saudi Automotive Services Company (SASCO)	Macca
15	4032229606	Branch of the Saudi Automotive Services Company (SASCO)	taif
16	4650202976	Branch of the Saudi Automotive Services Company (SASCO)	Madina El Monawara
17	5850121385	Branch of the Saudi Automotive Services Company (SASCO)	abha
18	5900126408	Branch of the Saudi Automotive Services Company (SASCO)	Jizan
19	1010682929	Sasco Palm Branch Company	Riyadh
20	2050112261	Sasco Palm Branch Company	Dammam
21	2055025642	Sasco Palm Branch Company	Jubail
22	4030370735	Sasco Palm Branch Company	Jaddah
23	4031233620	Sasco Palm Branch Company	macca
24	4032239487	Sasco Palm Branch Company	taif
25	4628100065	Sasco Palm Branch Company	Madina El Monawara
26	5850125954	Sasco Palm Branch Company	abha
27	1011012857	Branch of Zaiti Petroleum Services Company	Al-kharj
28	1128010283	Branch of Zaiti Petroleum Services Company	Onaizah
29	1131030559	Branch of Zaiti Petroleum Services Company	Buraydah
30	5850029530	Branch of Zaiti Petroleum Services Company	abha
31	2031102449	Branch of Waha Sasco Company	Al-ahsa

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
(All amounts in Saudi Riyals)

2) BASIS FOR PREPARING CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2-1 Basis of measurement

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard No. (34) "Initial Financial Reports" approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants and should be read along with the group's latest consolidated financial statements for the year ended December 31 2020, which does not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards, but selected accounting policies and explanatory notes are included to explain important events and transactions to understand changes in the financial position and financial performance of the group since the last annual consolidated financial statements.

2-2 Preparing the consolidated interim financial statements

The interim financial statements have been prepared on the historical cost and accrual basis of accounting except for the following.

Defined employee benefit obligations that are recognized at the present value of future liabilities using the projected unit credit method.

The interim financial statements are shown in Saudi riyals, which represents the company's functional currency.

2-3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and are the same policies applied in the company's annual interim financial statements for the year ended December 31, 2020.

The main accounting policies applied in preparing these condensed consolidated interim financial statements have been applied consistently to all periods presented.

2-4 NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

No new standards have been issued, however, a number of amendments to the standards are in effect as of January 1, 2021, which have been explained in the company's annual financial statements, but have no material impact on the Company's condensed interim financial statements.

3) BASIS FOR CONSOLIDATING

These consolidated interim financial statements include the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows as well as the notes complementing the consolidated interim financial statements of the group, as they include the assets, liabilities and results of the group's business and its subsidiaries as well. It is shown in note (1). Subsidiaries are companies controlled by a group. The group controls the company when it has the right to various revenues as a result of its participation in the group and its ability to influence these revenues through its control of the group. Subsidiary companies are consolidated from the date on which the group controls the subsidiaries until the cessation of exercising that control.

The group uses the purchase method to account for the consolidation of operations when control is transferred to the group. The cost of an acquisition is measured at the fair value of the assets acquired. The excess of the cost of acquisition plus the fair value of non-controlling interests over the net identifiable assets acquired is recognized as goodwill in the consolidated statement of financial position. Non-controlling interests are measured by the proportion of their share of the net assets of the controlling group at the date of acquisition. The share in profit or loss and net assets not owned by the group are presented, and are presented as a separate item in the consolidated statement of profit or loss and other comprehensive income and within the shareholders' equity in the consolidated statement of other comprehensive income. Both transactions as well as balances and unrealized profits and losses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries are modified when necessary to ensure consistency with the policies adopted by the group. The Group and its subsidiaries prepare their financial statements for the same reporting periods.

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

(All amounts in Saudi Riyals)

4) SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Group:

Use of estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

5) SEGMENTAL INFORMATION

A sector is an essential part of the group that sells / provides specific services (sector / business) or sells / provides services in a specific economic environment, geographical sector) whose profits and losses differ from the profits and losses of other sectors. The group tracks the business sector to report on its segment information.

The group's sectors are as follows:

- The retail and operation sector: includes the activities of operating the stations from the sale of fuel, the sale of food and beverages, and the operation of residential and commercial buildings.
- Investments sector: includes investment activity in other companies and investments in securities.
- The Saudi Automobile Club sector: It is the sector that issues customs transit books, international driving licenses, and sports activities.
- Transport fleet services sector: It is the sector that services the transportation of liquid and dry materials.
- The franchising sector: it is the sector that grants the right to exploit the trademark to SASCO.

The selected segment information is provided by business segment as follows:

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021
(All amounts in Saudi Riyals)

5) SEGMENTAL INFORMATION (CONTINUED)

	<i>Retailing and operation sector</i>	<i>Investments sector</i>	<i>Saudi automobile and touring association sector</i>	<i>Transport fleet services sector</i>	<i>Franchise sector SASCO</i>	<i>Joint assets and liabilities sector</i>	<i>Total</i>
	SR	SR	SR	SR	SR	SR	SR
<i>As of 30 September 2021 (Unaudited)</i>							
Total assets	5,230,947,724	339,238,591	34,288,640	327,163,541	405,884	(2,755,410,020)	3,176,634,360
Total liabilities	4,468,226,022	-	16,060,737	282,758,601	-	(2,401,717,121)	2,365,328,239
Revenue	2,854,144,875	-	6,750,849	291,856,938	-	(305,524,890)	2,847,227,772
Revenue from investments	-	-	-	-	-	-	-
Net income from main operations	65,248,058	(188,160)	1,462,992	5,921,913	-	-	72,444,803

<i>As of 30 September 2020 (Unaudited)</i>							
Total assets	3,702,718,003	332,312,444	37,679,883	46,182,558	437,925	(1,409,545,087)	2,709,785,726
Total liabilities	3,059,202,689	38,332	19,676,230	10,158,051	17,041	(1,201,373,348)	1,887,718,995
Revenue	1,676,631,972	-	2,641,781	21,437,164	-	(175,442,796)	1,525,268,121
Revenue from investments	-	-	-	-	-	-	-
Net income from main operations	57,620,436	(38,182)	(1,635,717)	3,755,952	(17,041)	-	59,685,448

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6) INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

	<i>30 September 2021</i>	<i>31 December 2020</i>
	SR	SR
Investments at fair value through other comprehensive income in shares and shares of non-public traded companies – (note 1-6)	153,907,786	153,907,786
Investments at fair value through other comprehensive income in shares and shares of public traded companies – (note 2-6)	34,224,521	32,753,665
	188,132,307	186,661,451

6-1 Investments at fair value through other comprehensive income in shares and shares of non-public traded companies

The group's shared are as follows:

As on September 30, 2021:

	<i>Group share</i>	<i>Valuation value</i>	<i>The group's share</i>
		SR	at fair value
			SR
Middle East Batteries Company	12.79%	1,186,208,000	151,716,003
The National Company for Tourism	0.36%	574,106,488	2,066,783
Racing Company Ltd.	25%	-	125,000
		1,760,314,488	153,907,786

6-2- Investments at fair value through other comprehensive income in shares, shares and public traded companies

	<i>Valuation value</i>	<i>number of</i>	<i>Gain Investments at</i>
	SR	stock	fair value through other
			comprehensive income
			SR
the Saudi Arabian Oil Company (ARAMCO)	33,689,484	935,819	935,819
STC SOLUTION	535,037	2,727	123,260
	34,224,521		1,059,079

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7) PROPERTY, PLANT AND EQUIPMENT, NET

During the nine-month period ending September 30, 2021, the Company purchased property and equipment for the amount of SAR 39,940,661 (September 30, 2020: SAR 71,850,678).

During the nine months ended September 30, 2021, the Group had converted from capital work under construction and machinery and equipment worth SR 57,466,799.

During the nine-month period ended September 30, 2021, the Company disposed of property and equipment with a carrying amount of SAR 13,828,482 (September 30, 2020: SAR 1,096,030) which resulted in a gain on the sale of property and equipment for the nine-month period on September 30, 2021 amounting to SAR 1,229,325 (September 30, 2020: 77,521 SAR).

During the nine-month period ending on September 30, 2021, the depreciation expense amounted to SAR 48,089,088 (SAR 39,192,351 for the nine months ended September 30, 2020).

8) RIGHT OF USE ASSETS AND LEASE LIABILITIES

	30 September 2021	31 December 2020
<u>Cost</u>	SR	SR
As at 1 January	1,516,979,153	1,040,100,916
Additions during the period / year	143,495,450	519,150,881
Disposals during the period / year	(28,588,690)	(42,272,644)
Balance at the end of the period / year	1,631,885,913	1,516,979,153
<u>Accumulated depreciation</u>		
As at 1 January (adjusted)	328,216,140	251,283,597
Charged during the period / year	77,494,612	89,253,842
Disposals during the period / year	(8,282,375)	(12,321,299)
Balance at the end of the period / year	397,428,377	328,216,140
Net book value	1,234,457,536	1,188,763,013

The lease liabilities amounted to at the end of the year as follows:

	30 September 2021	31 December 2020
<u>lease liabilities</u>	SR	SR
Current portion	100,061,660	100,708,904
Non-current portion	1,178,588,940	1,105,697,343
Total lease liabilities	1,278,650,600	1,206,406,247

9) EARNINGS PER SHARE

Basic earnings per share from net profit for the year is calculated by dividing the net profit for the year by the weighted average number of shares outstanding at the end of the year of 60 million shares. Earnings per share from main operations is calculated by dividing the net profit for the year from main operations for the year by the weighted average number of shares outstanding at the end of the year of 60 million shares.

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10) FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUE

Fair value

The fair value represents the price that could be received as a result of selling an asset or that could be 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 a transaction between the asset or a liability transfer takes place that takes place either:

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

The fair value measurement of a non-financial asset takes into account the ability of market participants to achieve economic benefits by using the asset in the best possible way and the highest possible interest, or by selling it to another market participant who will use the asset in the best way and with the highest possible interest.

Fair values are classified into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

First level: the quoted market prices in active markets for the same financial instruments.

Second level: Valuation techniques that depend on inputs that affect the fair value and can be directly or indirectly observable in the market.

Third level: Valuation techniques that depend on inputs that affect the fair value and that cannot be directly or indirectly observed in the market.

The value shown in the third level reflects the cost of purchasing these assets and not their fair value due to the absence of an active market for them. The Group's management believes that the purchase cost is the most appropriate way to measure the fair value of these assets and that there is no impairment in their value.

Capital risk management

The Group manages its capital to ensure that the Group remains sustainable while obtaining the highest return through an optimum level of debt and equity balances. The group's overall strategy has not changed for the year 2020.

The group's capital structure includes the equity attributable to the group's shareholders, which consists of capital, reserves, fair value reserve and retained earnings as included in the condensed consolidated interim statement of changes in shareholders' equity.

Financial risk management

The group's activities may be exposed mainly to financial risks resulting from the following:

- Foreign currency risk management

The Group is not exposed to significant risks associated with changing foreign currencies and accordingly there is no need for effective management of this exposure.

- Interest rate risk management

Financial instruments in the consolidated statement of financial position are not subject to interest and interest rate risk.

- Other price risks

The Group is exposed to price risk arising from its equity investments in other companies. The group maintains equity investments in other companies for strategic purposes and is not intended to be traded, and the group does not actively trade in these investments.

- Credit risk management

Credit risk is represented in the failure of one of the parties to a financial instrument contract to fulfill its contractual obligations, which leads to the group incurring financial losses. The group is exposed to credit risk on its bank balances and receivables

- Liquidity risk management

Liquidity risk is the difficulty that an enterprise will encounter in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Liquidity risk is managed by monitoring it on a regular basis to ensure that the necessary funds are available to meet the future obligations of the group.

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11) CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has capital commitments related to the construction of property, machinery and equipment as of September 30, 2021, in an amount of 52 million Saudi riyals (2020: 13 million Saudi riyals).

The Group has contingent liabilities relating to bank guarantees as of September 30, 2021, amounting to SR 778,9 million (2020: SR 429.1 million).

There are some cases brought against the group during the normal business cycle, and they are currently being litigated, but the final outcome of these cases cannot be determined with certainty. The Group's management does not expect that the results of these issues will be material in the condensed consolidated interim financial statements.

12) APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved by the Board of Directors on 20 Rabi' Alawal 1443H (corresponding to 26 October 2021).