

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS (UNAUDITED)**

**30 JUNE 2022**

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

THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
30 June 2022

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Saudi Automotive Services CO. (SASCO)  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Automotive Services Company ("SASCO") - A Saudi Joint Stock Company- (the "Company") and its subsidiaries (collectively with the Company referred to as the "Group") as at 30 June 2022, and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2022, and the related interim condensed consolidated statements of cash flows and changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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" endorsed in the Kingdom of Saudi Arabia. A review of 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

### 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 to 9 March 2022). Also, the interim condensed consolidated financial statements of the Company for the period ended 31 March 2022 were reviewed by another auditor who expressed an unqualified conclusion on those interim condensed consolidated financial statements on 23 Ramadan 1443H (corresponding to 24 April 2022).

For Ernst & Young Professional Services

Fahad M. Altoaimi  
Certified Public Accountant  
License No. (354)

Riyadh: 25 Muharram 1444H  
(23 August 2022)



# SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 (Unaudited) SR	31 December 2021 (Audited) SR
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,726,630,929	1,296,793,466
Projects in progress	8	118,278,214	51,136,574
Investment properties	9	137,104,970	-
Right of use assets	10	2,226,549,820	1,253,692,217
Intangible assets - Goodwill	2	459,915,263	4,308,993
Other intangible assets, net		2,675,832	2,233,990
Investments at fair value through other comprehensive income (FVOCI)	11	155,330,416	187,448,198
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,826,485,444</b>	<b>2,795,613,438</b>
<b>CURRENT ASSETS</b>			
Inventory		103,820,897	72,781,388
Trade account receivables	12	214,187,828	155,643,900
Prepaid expenses and other current assets		125,400,136	93,919,115
Investments at fair value through profit or loss (FVPL)	11	200,364,263	125,445
Bank balances and cash	13	462,075,319	154,748,750
<b>TOTAL CURRENT ASSETS</b>		<b>1,105,848,443</b>	<b>477,218,598</b>
<b>TOTAL ASSETS</b>		<b>5,932,333,887</b>	<b>3,272,832,036</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		600,000,000	600,000,000
Statutory reserve		65,559,289	65,559,289
Retained earnings		48,295,142	17,522,636
Fair value reserve of financial assets at FVOCI		125,581,714	128,854,625
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>839,436,145</b>	<b>811,936,550</b>
<b>Non-controlling interests</b>	2	<b>161,860,013</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>1,001,296,158</b>	<b>811,936,550</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	2,104,080,720	1,174,429,630
Long-term loans	15	1,246,423,424	537,429,979
Employees' defined benefits obligations		43,743,024	20,537,754
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,394,247,168</b>	<b>1,732,397,363</b>
<b>CURRENT LIABILITIES</b>			
Murabaha financing & short-term loans	15	5,878,740	5,000,000
Current portion of long-term loans	15	100,214,885	76,808,250
Trade accounts payables		943,748,663	350,084,044
Accrued expenses and other current liabilities		170,452,977	104,559,252
Current portion of lease liabilities	14	260,825,063	127,497,968
Dividends payable to shareholders		47,389,516	58,244,837
Zakat payable	16	8,280,717	6,303,772
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,536,790,561</b>	<b>728,498,123</b>
<b>TOTAL LIABILITIES</b>		<b>4,931,037,729</b>	<b>2,460,895,486</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,932,333,887</b>	<b>3,272,832,036</b>

  
Isalm Khairi  
Chief Financial Officer

  
Riyadh Bin Saleh Al Malik  
Chief Executive Officer

  
Sultan Bin Mohammad Al-Hudaithi  
Vice Chairman and Managing Directors

The accompanying notes from (1) to (29) form an integrated part of these interim condensed consolidated financial statements.

# SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2022 SR	2021 SR	2022 SR	2021 SR
Revenues	17	2,065,473,909	955,864,602	3,337,948,126	1,706,405,717
Cost of revenues	18	(1,995,750,680)	(920,924,427)	(3,232,570,211)	(1,633,812,299)
<b>GROSS PROFIT</b>		<b>69,723,229</b>	<b>34,940,175</b>	<b>105,377,915</b>	<b>72,593,418</b>
Selling and marketing expenses		(933,258)	(607,958)	(1,555,396)	(1,175,089)
General and administrative expenses	19	(108,162,321)	(8,273,650)	(122,772,640)	(21,833,194)
<b>(LOSS) INCOME FROM MAIN OPERATIONS</b>		<b>(39,372,350)</b>	<b>26,058,567</b>	<b>(18,950,121)</b>	<b>49,585,135</b>
Finance cost		(25,255,482)	(13,108,944)	(37,788,996)	(24,226,839)
Provision for expected credit losses		(481,038)	-	(481,038)	-
Gain on valuation of investments at FVPL		229,662	327	230,019	26,811
Gains on sale of investments at FVPL		48,673	91,468	94,147	361,884
Dividends received from investments at FVPL		-	329,221	-	658,442
Other income (expenses), net	20	97,478,371	(375,277)	98,448,560	(526,553)
<b>INCOME BEFORE ZAKAT</b>		<b>32,647,836</b>	<b>12,995,362</b>	<b>41,552,571</b>	<b>25,878,880</b>
Zakat	16	(2,201,775)	(913,750)	(3,089,275)	(1,785,833)
<b>INCOME FOR THE PERIOD</b>		<b>30,446,061</b>	<b>12,081,612</b>	<b>38,463,296</b>	<b>24,093,047</b>
<b>Attributable to:</b>					
Equity holders of the parent		29,684,480	12,081,612	37,701,715	24,093,047
Non-controlling interests		761,581	-	761,581	-
		<b>30,446,061</b>	<b>12,081,612</b>	<b>38,463,296</b>	<b>24,093,047</b>
<b>Earnings per share (at Saudi Riyal)</b>					
Basic and diluted earnings per share for the period attributable to equity holders of the parent	21	<b>0.49</b>	<b>0.20</b>	<b>0.63</b>	<b>0.40</b>



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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)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	2022	2021	2022	2021
	SR	SR	SR	SR
<b>INCOME FOR THE PERIOD</b>	<b>30,446,061</b>	<b>12,081,612</b>	<b>38,463,296</b>	<b>24,093,047</b>
<b>OTHER COMPREHENSIVE INCOME:</b>				
<i>Items not to be reclassified subsequently to statement of income:</i>				
Net change in fair value of investments at FVOCI	(194,768)	(842,237)	4,797,880	93,582
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>30,251,293</b>	<b>11,239,375</b>	<b>43,261,176</b>	<b>24,186,629</b>
<b>Attributable to:</b>				
Equity holders of the parent	29,489,712	11,239,375	42,499,595	24,186,629
Non-controlling interests	761,581	-	761,581	-
	<b>30,251,293</b>	<b>11,239,375</b>	<b>43,261,176</b>	<b>24,186,629</b>


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# SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)

For the six-month period ended 30 June 2022

		For the six-month period ended 30 June	
		2022	2021
	Note	SR	SR
<b>OPERATING ACTIVITIES</b>			
Income before zakat		41,552,571	25,878,880
<i>Adjustments to:</i>			
Depreciation of right of use assets	10	78,120,771	51,365,603
Depreciation of property, plant and equipment	7	43,202,116	31,178,705
Provision for employees' defined benefits obligations		3,185,162	1,494,459
Provision for slow moving inventory		925,166	11,996,197
Provision for expected credit losses	12	481,038	-
Provision for customs claims		365,410	276,870
Finance cost		37,788,996	24,226,839
Gain on valuation of investments at FVPL		(238,818)	(26,811)
Realized gains on sale of investments at FVPL		(94,147)	(361,884)
Gain from sale and leaseback of property, plant and equipment	20	(95,373,174)	-
Gain from sale of property, plant and equipment		(415,746)	(538,083)
Impairment of projects in progress	8	79,675	-
Amortization of intangible assets		517,214	636,767
		<u>110,096,234</u>	<u>146,127,542</u>
<i>Working Capital Adjustments:</i>			
Trade account receivables		(3,003,056)	(25,218,408)
Prepaid expenses and other current assets		328,903	7,729,905
Inventory		(5,741,202)	(20,158,147)
Trade accounts payables		86,225,840	149,590,982
Accrued expenses and other current liabilities		5,266,139	(23,333,749)
Zakat paid	16	(1,425,156)	(2,895,374)
Employees' defined benefits obligations paid		(1,296,602)	(260,875)
Net cash from operating activities		<u>190,451,100</u>	<u>231,581,876</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary, net	2	(554,723,130)	-
Purchase of investments at FVPL		(200,000,000)	(40,000,000)
Proceeds from sale of investments at FVOCI		38,016,999	-
Purchase of property, plant and equipment		(22,440,672)	(35,777,171)
Additions to projects in progress		(59,516,153)	(50,626,405)
Proceeds from sale of property, plant and equipment		1,695,029	2,480,446
Additions to intangible assets		(959,055)	238,975
Net cash used in investing activities		<u>(797,926,982)</u>	<u>(123,684,155)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from sale and leaseback of property, plant and equipment	25	381,702,607	-
Dividends paid to the shareholders from prior years		(10,855,321)	-
Dividends paid	22	(15,000,000)	-
Finance cost paid		(42,288,477)	(24,226,839)
Net change in long-term loans		732,400,080	27,221,374
Net change in Murabaha financing and short-term loans		878,740	(54,026,139)
Lease liabilities paid	14	(132,035,178)	(50,574,709)
Net cash from (used in) financing activities		<u>914,802,451</u>	<u>(101,606,313)</u>
Increase in bank balances and cash		307,326,569	6,291,408
Bank balance and cash at the beginning of the period		154,748,750	104,284,916
<b>Bank balance and cash at the end of the period</b>		<u>462,075,319</u>	<u>110,576,324</u>
<b>Non-cash items</b>			
Transfer from projects in progress to property, plant and equipment	8	9,334,946	34,844,366
Gain on valuation of investments at fair value through profit or loss	11	(238,203)	(26,811)
Declared dividends to shareholders	22	-	12,000,000

  
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The accompanying notes from (1) to (29) form an integrated part of these interim condensed consolidated financial statements.



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2022

*Attributable to the equity holders of the parent*

	Share capital SR	Statutory reserve SR	Retained earnings SR	Revaluation reserve of investments through other comprehensive income SR	Total SR	Non- Controlling Interests SR	Total equity SR
Balance as at 1 January 2021 (audited)	600,000,000	60,474,991	15,575,005	128,699,734	804,749,730	-	804,749,730
Income for the period	-	-	24,093,047	-	24,093,047	-	24,093,047
Other comprehensive income	-	-	-	93,582	93,582	-	93,582
Total other comprehensive income for the period	-	-	24,093,047	93,582	24,186,629	-	24,186,629
Dividends (note 22)	-	-	(12,000,000)	-	(12,000,000)	-	(12,000,000)
<b>Balance as at 30 June 2021 (unaudited)</b>	<b>600,000,000</b>	<b>60,474,991</b>	<b>27,668,052</b>	<b>128,793,316</b>	<b>816,936,359</b>	<b>-</b>	<b>816,936,359</b>
Balance as at 1 January 2022 (audited)	600,000,000	65,559,289	17,522,636	128,854,625	811,936,550	-	811,936,550
Income for the period	-	-	37,701,715	-	37,701,715	761,581	38,463,296
Other comprehensive income	-	-	-	4,797,880	4,797,880	-	4,797,880
Total other comprehensive income for the period	-	-	37,701,715	4,797,880	42,499,595	761,581	43,261,176
Disposal of investments at FVPL	-	-	8,070,791	(8,070,791)	-	-	-
Dividends (note 22)	-	-	(15,000,000)	-	(15,000,000)	-	(15,000,000)
Acquisition of a subsidiary (note 2)	-	-	-	-	-	161,098,432	161,098,432
<b>Balance as at 30 June 2022 (unaudited)</b>	<b>600,000,000</b>	<b>65,559,289</b>	<b>48,295,142</b>	<b>125,581,714</b>	<b>839,436,145</b>	<b>161,860,013</b>	<b>1,001,296,158</b>



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Vice Chairman and Managing Directors



# SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

## (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) 30 JUNE 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, Al-Malaz district, the intersection of Al-Ahsa with Omar Abdulaziz st., PO Box 51880, Kingdom of Saudi Arabia.

The accompanying interim condensed 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 details of the subsidiaries controlled by the Company are as follows:

<i>Subsidiary's name</i>	<i>Commercial Registration #</i>	<i>Subsidiary's main activity</i>	<i>Direct &amp; indirect ownership percentage (%)</i>	
			<i>30 June 2022</i>	<i>31 December 2021</i>
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, universities and 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%
Automobile and Equipment Investment Limited Company	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%

SAUDI AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
(CONTINUED)  
30 JUNE 2022

1- ACTIVITIES (continued)

<i>Subsidiary's name</i>	<i>Commercial Registration #</i>	<i>Subsidiary's main activity</i>	<i>Direct &amp; indirect ownership percentage (%)</i>	
			<i>30 June 2022</i>	<i>31 December 2021</i>
SASCO Oasis Company	1010309488	Hotels 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 (gas 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	1010671792	Buying, selling and zoning lands and real estate, off-plan sale activities, managing and renting owned and leased (residential) properties, managing and renting owned and leased (non-residential) properties, management activities of properties against commission and real estate registration service.	100%	100%
NAFT services limited company (Note 2)	4030060592	Operation of gas station and related activities.	80%	-

The accompanying interim condensed consolidated financial statements include the assets, liabilities and operating results of the main commercial registration and all the following sub-commercial registrations:

<i>Branch's Name</i>	<i>Commercial Registration #</i>	<i>Commercial Registration Date</i>	<i>City</i>
SASCO Oasis, Branch of Saudi Automotive and Equipment Services Company	1010302203	28 Safar 1432H (Corresponding to 1 February 2011)	Riyadh
Palm SASCO, Branch of Saudi Automotive Services and Equipment SASCO	1010302204	28 Safar 1432H (Corresponding to 1 February 2011)	Riyadh
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-Awwal 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 AUTOMOTIVE SERVICES CO. (SASCO)

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(CONTINUED)

30 JUNE 2022

### 1. ACTIVITIES (continued)

<i>Branch's Name</i>	<i>Commercial Registration #</i>	<i>Commercial Registration Date</i>	<i>City</i>
Saudi Company for Automotive Services and Equipment SASCO	1128184243	16 Dhu Al-Qada 1441H (corresponding to 7 July 2020)	Maizah
Saudi Company for Automotive Services and Equipment SASCO	1131306676	16 Dhu Al-Qada 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	2050030464	16 Rabi al-Thani 1416H (corresponding to 11 September 1995)	Dammam
Saudi Company for Automotive Services and Equipment SASCO	2050093628	6 Shawwal 1434H (Corresponding to 13 August 2013)	Dammam
Saudi company for automotive and equipment services	2051010823	11 Shawwal 1405H (Corresponding to 30 June 1985)	Al Khobar
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)	Tabuk
Saudi Company for Automotive Services and Equipment SASCO	4030039932	22 Shawwal 1403H (Corresponding to 12 May 1985)	Jeddah
Saudi Company for Automotive Services and Equipment Sasco	4030117244	8 Ramadan 1416H (Corresponding to 29 January 1996)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4030254775	6 Dhu Al-Qada 1434H (Corresponding to 11 September 2013)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4030308874	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Jeddah
Saudi Company for Automotive Services and Equipment SASCO	4031216803	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Mecca
Saudi Company for Automotive Services and Equipment SASCO	4032229606	29 Dhu Al-Hajjah 1439H (Corresponding to 10 September 2018)	Taif
Saudi Company for Automotive Services and Equipment SASCO	4650202976	15 Muharram 1440H (Corresponding to 26 September 2018)	Madina El Monawara
Saudi company branch for car services and equipment, Al bahah break	5800002907	26 Dhu Al-Qada 1405H (corresponding to 13 August 1985)	Al Bahah
Saudi Company for Automotive and Equipment Services	5850121385	7 Safar 1440H (Corresponding to 18 October 2018)	Abha
Saudi Company for Automotive services and equipment SASCO	5900126408	26 Jumada al-Awwal 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, a limited liability company based in Jeddah, Kingdom of Saudi Arabia and specialized in operating gas stations and related activities. The Company acquired Naft Services Company Limited as part of its business strategy to expand in gas station operation and related activities.

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

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**2. BUSINESS COMBINATION (continued)**7 April 2022  
SR*Assets*

Property, plant and equipment	616,960,036
Projects in progress	17,040,108
Investment properties	137,328,666
Right of use assets	823,118,487
Investments at fair value through other comprehensive income	1,110,137
Inventory	26,223,474
Account receivables, prepaid expenses and other current assets	86,869,758
Cash and cash equivalents	245,276,870
<b>Total Assets</b>	<b>1,953,927,536</b>

*Liabilities*

Lease liabilities	823,118,487
Employees' defined benefits obligations	21,316,710
Trade accounts payable and other current liabilities	263,411,051
Accrued revenue	36,606,493
Zakat payable	3,982,633
<b>Total Liabilities</b>	<b>1,148,435,374</b>
<b>Net Assets at fair value</b>	<b>805,492,162</b>

Recognized goodwill	455,606,270
Non-controlling Interest	(161,098,432)
Consideration	1,100,000,000

*Cashflows analysis on acquisition:*

Net cash from acquisition	245,276,870
Paid consideration	(800,000,000)
Net cashflows on acquisition	(554,723,130)

The fair value of net assets has been determined based on provisional valuation 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 Company requested an independent valuation for the acquired lands and buildings, however the valuation process was not completed at the date of interim condensed consolidated financial statements.

The net assets recognized in these interim condensed consolidated financial statements for the period ended 30 June 2022 were determined based on the Company's valuation. The goodwill resulting from the acquisition amounted to SR 455,606,270.

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**2. BUSINESS COMBINATION (continued)**

The movement in the carrying value of the goodwill at the beginning and end of the reporting period is as follows:

	<i>Goodwill SR</i>
<i><b>Total book value:</b></i>	
At 1 January 2022 (audited)	4,308,993
Acquisition of a subsidiary during the period	455,606,270
At 30 January 2022 (unaudited)	<u>459,915,263</u>
<i><b>Total Impairment:</b></i>	
At 1 January 2022 (audited)	-
Impairment during the period	-
At 30 January 2022 (unaudited)	<u>-</u>
<i><b>Net book value:</b></i>	
At 1 January 2022 (audited)	4,308,993
At 30 January 2022 (unaudited)	<u>459,915,263</u>

**3. BASIS OF PREPARATION**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. The interim condensed consolidated financial statements do not include all information and disclosures required for a complete set of annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

The interim period is considered an integral part of the full financial year, but the results of operations for the interim periods may not fairly indicate the results of operations for the full year.

**4. BASIS OF MEASUREMENT**

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets such as "investments at FVPL and FVOCI" which are measured at fair value. Employers' defined benefit obligations are recognized at the current value of the future liabilities using projected credit unit method. Further, these interim condensed consolidated financial statements have been prepared using accrual basis of accounting.

***Functional and presentation currency***

These interim condensed consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Group.

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the application of new accounting policies below effective from 1 January 2022.

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**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment properties**

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 are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of investment properties is recognised in the statement of income in the period of derecognition.

**Standards and amendments for the first time**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 which had no material impact on the Group's interim condensed consolidated financial statements.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

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 amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

**Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments also add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Standards and amendments for the first time (continued)*

**IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This is if no adjustments have been made to the procedures for consolidation and the effect of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

**Standards issued but not yet effective**

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which will be effective from periods after 1 January 2022. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed consolidated financial statements of the Group.

**Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities**

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

**Right to defer settlement**

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

**Existence at the end of the reporting period**

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Effective date is annual periods beginning on or after 1 January 2023.

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Effective date is annual periods beginning on or after 1 January 2023.

**IFRS 17, 'Insurance contracts', as amended in June 2020**

The amendment relates to insurers' transition to the new Standard only—it does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.

Effective date is annual periods beginning on or after 1 January 2023.



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### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Standards issued but not yet effective (continued)*

##### **Definition of Accounting Estimates - Amendments to IAS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Effective date is annual periods beginning on or after 1 January 2023.

##### **Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction**

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Effective date is annual periods beginning on or after 1 January 2023.

### 6. SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The differences arising on revisions to estimates are recognized prospectively.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's annual condensed consolidated financial statements.

#### ***Fair value Measurement***

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 market for the asset or liability.

The principal or the most advantageous market must be accessible 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 asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize 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.

#### ***Impairment of non-financial assets***

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and 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 calculation is based on Discounted Cash Flow model ("DCF"). 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 most 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.

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### 6. SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (continued)

#### *Impairment of trade receivables*

The Group has applied the standard's simplified approach of impairment in accordance with IFRS 9 and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### *Provision for employees' end of service benefits*

The employees' defined benefit obligations (DBO) are determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. 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 DBO is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

#### *Useful lives and residual values of property and equipment*

The useful life of each item of the Group's property, plant and equipment is estimated based on the period during which the asset is expected to be available for use. This estimate is based on a collective evaluation of practices in similar businesses, internal technical evaluation, past experience with similar assets and application of judgments when the asset becomes available for use and computation of the depreciation cost.

The estimated useful life of each asset is periodically reviewed and updated in the event that expectations differ from previous estimates as a result of normal depreciation of the asset, technical and commercial obsolescence, legal or other restrictions on the use of the asset. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

#### *Going concern*

These interim condensed consolidated financial statements have been prepared under the 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 upon the Group's ability to continue as a going concern.

### 7. PROPERTY, PLANT AND EQUIPMENT

Depreciation is calculated under the straight-line method over the estimated useful lives as follows:

<u>Item</u>	<u>Years</u>	<u>Item</u>	<u>Years</u>
Buildings	33 – 50	Furniture and fixtures	10
Equipment and machinery	10	Computers	6
Vehicles	5- 14	Electrical devices	10
Communication devices and phones	4	Billboards	6
Leasehold improvements	The shorter of 25 years or over the rental period		

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7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land SR	Buildings SR	Equipment and machinery SR	Vehicles SR	Communi- cation devices and phones SR	Furniture and fixtures SR	Computers SR	Electrical devices SR	Billboards SR	Leasehold improvements SR	Total For the six- month period ended 30 June 2022 SR	Total For year ended 31 December 2021 (Audited) SR
<b>Cost:</b>												
At the beginning of the period / 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	1,769,958,614	1,619,794,217
Additions from acquisition of a subsidiary, net (note 2)	442,191,679	63,504,888	20,753,139	13,295,561	-	9,199,310	-	-	-	68,015,459	616,960,036	-
Additions during the period / year	-	1,654,193	3,276,472	5,383,260	-	434,321	1,924,177	1,571,333	1,563,980	6,632,936	22,440,672	58,535,594
Transfers from projects in progress (note 8)	-	8,811,129	59,260	35,500	-	-	216,669	59,314	92,684	60,390	9,334,946	118,540,727
Disposal of property, plant and equipment	-	(2,175)	(1,068,493)	(2,513,732)	(28,206)	(704,573)	(171,057)	(1,016,032)	(1,068,841)	(230,092)	(6,803,201)	(26,911,924)
Sale and leaseback of property, plant and equipment (note 25)	(121,334,379)	(53,889,936)	(5,631,528)	-	-	(260,615)	(389,964)	(1,304,294)	(1,825,378)	(7,276,269)	(191,912,363)	-
At the end of the period / year	777,914,960	774,647,994	156,302,971	78,631,605	1,287,938	30,206,067	25,085,890	38,633,071	32,509,235	304,758,973	2,219,978,704	1,769,958,614
<b>Depreciation:</b>												
At the beginning of the period/ 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	473,165,148	429,977,851
Charge for the period / year	-	13,527,754	7,450,384	4,004,418	3,785	1,663,190	1,321,374	1,706,820	1,772,926	11,751,465	43,202,116	65,443,729
Disposal of property, plant and equipment	-	(1,046)	(439,966)	(2,233,221)	(28,200)	(693,192)	(162,035)	(930,740)	(988,573)	(46,945)	(5,523,918)	(22,256,432)
Sale and leaseback of Property, plant and equipment (note 25)	-	(9,964,760)	(3,100,940)	-	-	(132,809)	(187,250)	(779,527)	(1,192,625)	(2,137,660)	(17,495,571)	-
At the end of the period / year	-	260,266,333	58,978,171	26,195,828	1,266,393	15,215,383	14,085,164	23,737,159	18,876,803	74,726,541	493,347,775	473,165,148
Net book value:												
<b>At 30 June 2022</b>	<b>777,914,960</b>	<b>514,381,661</b>	<b>97,324,800</b>	<b>52,435,777</b>	<b>21,545</b>	<b>14,990,684</b>	<b>11,000,726</b>	<b>14,895,912</b>	<b>13,632,432</b>	<b>230,032,432</b>	<b>1,726,630,929</b>	
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 to SR 81,783,046 (31 December 2021: SR 107,686,159) mortgaged to local banks as securities to loans and bank facilities provided by these banks (note 15).

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### 8. PROJECTS IN PROGRESS

This represents the cost of establishing and developing projects related to gas stations in various regions in the Kingdom of Saudi Arabia. The movement of the projects in progress during the period/year is as follows:

	30 June 2022 SR	31 December 2021 SR
At the beginning of the period/year	51,136,574	44,544,275
Additions on acquisition of a subsidiary (note 2)	17,040,108	-
Additions during the period/year	59,516,153	125,133,026
Transferred to property, plant and equipment (note 7)	(9,334,946)	(118,540,727)
Impairment of projects in progress	(79,675)	-
At the end of the period/year	<u>118,278,214</u>	<u>51,136,574</u>

### 9. INVESTMENT PROPERTIES

This represents investment properties acquired through the acquisition of Naft Services Company Limited. Below is the movement in investment properties during the period:

	Lands SR	Buildings SR	Total 30 June 2022 SR
<b>Cost:</b>			
Additions on acquisition of a subsidiary, net (note 2)	126,139,536	11,189,130	137,328,666
<b>Accumulated depreciation:</b>			
Charge for the period	-	223,696	223,696
<b>As at 30 June 2022</b>	<u>126,139,536</u>	<u>10,965,434</u>	<u>137,104,970</u>

### 10. RIGHT OF USE ASSETS

The Group has lease agreements related to gas stations for which lease terms usually range between 5-25 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 period/year is as follows:

	30 June 2022 SR	31 December 2021 SR
<b>Cost:</b>		
At the beginning of the period/year	1,647,399,912	1,516,979,153
Additions from an acquisition of a subsidiary, net (note 2)	823,118,487	-
Additions	239,735,711	203,023,501
Disposals	(34,206,194)	(72,602,742)
At the end of the period/year	<u>2,676,047,916</u>	<u>1,647,399,912</u>
<b>Accumulated depreciation:</b>		
At the beginning of the period/year	393,707,695	328,216,140
Charge for the period/year	78,120,771	101,458,140
Disposals	(22,330,370)	(35,966,585)
At the end of the period/year	<u>449,498,096</u>	<u>393,707,695</u>
<b>Net book value</b>	<u>2,226,549,820</u>	<u>1,253,692,217</u>

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(CONTINUED)

30 JUNE 2022

### 11. INVESTMENTS

#### A) Investment in equity instruments carried at fair value through other comprehensive income ("FVOCI")

The Company has made long term investments in the below mentioned entities, which do not give the Company's control or right to make decisions. The Company has classified these investments as investment at FVOCI in accordance with the management's policy.

<i>Company</i>	<i>Ownership percentage</i>	<i>Country of incorporation</i>	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
Middle East Battery Company	12.79%	Saudi Arabia	152,434,290	152,434,290
Investment in SABB portfolio	-	Saudi Arabia	2,227,879	34,345,661
National Tourism Company	0.36%	Saudi Arabia	543,247	543,247
Racing Co. Ltd.	25%	Saudi Arabia	125,000	125,000
			<b>155,330,416</b>	<b>187,448,198</b>

The movement of the investment in equity instruments carried at FVOCI is as follows:

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the period / year	187,448,198	186,661,451
Additions during the period / year	1,101,337	-
Disposals during the period / year	(33,502,322)	-
Net gain from revaluation of investments in equity instruments carried at FVOCI	283,203	786,747
At the end of the period / year	<b>155,330,416</b>	<b>187,448,198</b>

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

The Company has invested in the following mutual funds, which do not give the Company's control or right to make decisions. The Company has classified these investments as investment at FVPL as per the management's policy.

<i>Investee</i>	<i>Country</i>	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
Mutual funds - Al Rajhi Bank	Saudi Arabia	200,237,952	-
Mutual funds - Al Jazira Bank	Saudi Arabia	126,311	125,445
		<b>200,364,263</b>	<b>125,445</b>

The movement of investments at FVPL is as follows:

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the period/year	125,445	275,766
Additions during the period/year	200,000,000	705,000,000
Disposals during period/year	-	(705,150,321)
Unrealized gains from revaluation of financial instruments at FVPL	238,818	-
At the end of the period/year	<b>200,364,263</b>	<b>125,445</b>

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**12. TRADE ACCOUNTS RECEIVABLE**

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
Trade receivables	315,102,277	169,698,237
Provision for expected credit losses	(100,914,449)	(14,054,337)
	<u>214,187,828</u>	<u>155,643,900</u>

The movement in the provision for expected credit losses during the period / year was follows:

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the period / year	14,054,337	12,329,337
Acquisition of a subsidiary (note 2)	86,379,074	-
Charged during the period / year	481,038	1,725,000
At the end of the period / year	<u>100,914,449</u>	<u>14,054,337</u>

**13. BANK BALANCES AND CASH**

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
Bank balances	455,069,098	148,150,973
Cash on hand	7,006,221	6,597,777
	<u>462,075,319</u>	<u>154,748,750</u>

**14. LEASE LIABILITIES**

The Group has lease agreements related to gas stations for which lease periods usually range between 5-25 years. The Group's lease obligations are secured by the lessor's title deeds to the leased lands. In general, there are various lease contracts that include extension and termination options and variable lease payments. The movement of lease liabilities during the period/year is as follows:

	<i>30 June 2022 SR</i>	<i>31 December 2021 SR</i>
At the beginning of the period/year	1,301,927,598	1,206,406,247
Additions	146,732,678	203,023,501
Additions from an acquisition of a subsidiary (note 2)	823,118,487	-
Additions from sale and leaseback of property, plant and equipment (note 25)	206,392,946	-
Accrued commission	30,995,647	46,140,397
Disposals	(12,226,395)	(25,850,581)
Payments	(132,035,178)	(127,791,966)
At the end of the period/year	<u>2,364,905,783</u>	<u>1,301,927,598</u>
Less: current portion	<u>(260,825,063)</u>	<u>(127,497,968)</u>
Non-current portion	<u>2,104,080,720</u>	<u>1,174,429,630</u>

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### 15. Loans

#### Long-term loans

During the period, the Group has obtained term loans in the form of Murabaha financing with total value of SR 770 million (during the year ended 31 December 2021: SR 217 million). Murabaha commission is due at the prevailing market rates. These loans are secured by mortgages of plots of lands and buildings (Note 7), in addition to promissory notes.

Loan agreements include covenants to mainly maintain certain percentages of gearing ratio and total debt to equity and other covenants. Under the terms of these agreements, banks have the right to request immediate repayment of loans in the event of not fulfilling any of those covenants. The Company is in compliance with the loan covenants as at the end of the period.

The movement of the long-term loans during the period/year is as follows:

	30 June 2022 SR	31 December 2021 SR
At the beginning of the period / year	614,238,229	955,071,340
Borrowings during the period / year	770,000,000	217,362,391
Paid during the period / year	(37,599,920)	(558,195,502)
At the end of the period / year	<u>1,346,638,309</u>	<u>614,238,229</u>

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

	30 June 2022 SR	31 December 2021 SR
Total installments	1,363,325,487	620,592,048
Less: finance cost	(16,687,178)	(6,353,819)
Due amounts	<u>1,346,638,309</u>	<u>614,238,229</u>
Current portion	100,214,885	76,808,250
Non-current portion	<u>1,246,423,424</u>	<u>537,429,979</u>
	<u>1,346,638,309</u>	<u>614,238,229</u>

#### Short-term loans

These represent working capital facilities obtained during the period from local banks. These facilities carry variable interest rate at prevailing market rates.

### 16. ZAKAT

#### Charge for the period/year

Zakat charge of the period/year consists of the following:

	30 June 2022 SR	31 December 2021 SR
Provision for the current period / year	3,089,275	1,466,564
Prior year provision	-	2,146,769
	<u>3,089,275</u>	<u>3,613,333</u>

The Company submits its zakat returns of the Group on a consolidated basis. The Group has submitted its zakat declarations to the Zakat, Tax and Customs authority (ZATCA) for all previous years up to 2021.



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16. ZAKAT (continued)

Movement of zakat provision during the period/year

The movement of zakat provision during the period / year is as follows:

	30 June 2022 SR	31 December 2021 SR
At the beginning of the period / year	6,303,772	5,585,813
Related to acquisition of a subsidiary, net (note 2)	312,826	-
Charged during the period / year	3,089,275	3,613,333
Paid during the period / year	(1,425,156)	(2,895,374)
At the end of the period / year	8,280,717	6,303,772

Zakat status

The ZATCA has raised zakat assessments for the years 2014 to 2018, resulting in additional zakat liabilities amounting to 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 interim condensed consolidated financial statements. Final assessments for the remaining years have not yet been raised by the ZATCA.

17. REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022 SR	2021 SR	2022 SR	2021 SR
Fuel sale	1,911,505,572	855,635,931	3,072,189,180	1,506,961,377
Catering sale	55,948,754	43,019,693	107,248,876	88,300,988
Rental income	62,630,971	35,226,957	103,992,761	70,404,439
Others	35,388,612	21,982,021	54,517,309	40,738,913
	2,065,473,909	955,864,602	3,337,948,126	1,706,405,717

18. COST OF REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2022 SR	2021 SR	2022 SR	2021 SR
Direct material	1,844,408,260	827,323,000	2,977,060,782	1,454,558,230
Deprecation of right of use assets	50,108,450	25,544,152	77,325,788	50,995,952
Employees' costs	43,618,257	32,946,326	78,963,186	58,345,462
Deprecation of property, plant and equipment	22,799,073	15,659,396	39,971,396	30,413,076
Rental of stations and offices	9,921,899	6,831,750	19,967,662	17,857,801
Public utilities	9,677,353	6,647,089	17,819,632	13,210,698
Repair and maintenance	4,292,969	3,271,178	6,826,915	5,814,307
Amortization of intangible assets	597,481	157,020	1,159,206	244,373
Others	10,326,938	2,544,516	13,475,644	2,372,400
	1,995,750,680	920,924,427	3,232,570,211	1,633,812,299

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### 19. GENERAL AND ADMINISTRATIVE EXPENSES

As set out in Note (2), and as a result of acquiring 80% in the shares of Naft Services Company Limited, the Company incurred general and administrative expenses related to the acquisition of SR 80 million. These expenses mainly consisted of an amount of SR 55.5 million related to commissions, real estate consultancy fees, accountants and appraisers fees, along with other legal and professional expenses. It also consisted of an amount of SR 24.5 million as bonuses and incentives for the Group's key management personnel.

### 20. OTHER REVENUE (EXPENSES), NET

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gains from sale and leaseback of property, plant and equipment	95,058,314	-	95,373,174	-
Other	2,420,057	(375,277)	3,075,386	(526,553)
	<u>97,478,371</u>	<u>(375,277)</u>	<u>98,448,560</u>	<u>(526,553)</u>

### 21- EARNINGS PER SHARE

Basic and diluted EPS is calculated by dividing the income for the period attributable to ordinary equity holders of the Company by the weighted average number of outstanding ordinary shares issued and paid during the period 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 Company does not have any convertible bonds or diluted instruments to exercise.

The following table shows income data from key operations, income and shares used to calculate basic and diluted earnings per share for the period:

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Income for the period attributable to equity holders of the parent	29,684,480	12,081,612	37,701,715	24,093,047
Weighted average number of outstanding shares	60,000,000	60,000,000	60,000,000	60,000,000
Basic and diluted earnings per share	<u>0.49</u>	<u>0.20</u>	<u>0.63</u>	<u>0.40</u>

### 22. DIVIDENDS

The Ordinary General Assembly, in its meeting held on 15 Duh Al-Qi'dah 1443H (corresponding to 14 June 2022), approved additional cash dividends of SR 15 million (at SR 0.25 per share) for the year 2021.

The Ordinary General Assembly, in its meeting held on 6 Duh Al-Qi'dah 1442H (corresponding to 16 June 2021), approved additional cash dividends of SR 12 million (at SR 0.20 per share) for the year 2020. Also, the board of directors have declared interim dividends for the year 2021, on 8 September 2021 and 27 December 2021, for a total amount of SR 30 million (at SR 0.5 per share).

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#### 23. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price to be received when an asset is sold or paid when liabilities are transferred under a regular transaction between market participants on the date of measurement. Financial instruments consist of financial assets and liabilities. The Group's financial assets consist of bank balances, investments and trade receivables, while its financial liabilities consist of term loans, trade payables and amounts due to shareholders.

Management found that the fair value of bank balances, trade receivables and payables and the amounts due to shareholders approximate their book value significantly due to the short-term maturity of these instruments. As for term loans, the fair value is not significantly different from the book value included in the interim condensed consolidated financial statements because the current Murabaha rates prevailing in the market for similar financial instruments are not significantly different from the contracted prices.

#### 24. SEGMENT INFORMATION

The Group has the following strategic sections representing its reporting sectors. These sectors offer various services and are separately managed because they have different economic characteristics – such as sales growth trend, return rates and level of capital investment and also have different marketing strategies.

Retail and operating	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.
Other	This segment represents the activity of investing in other companies, securities, and activities from granting the right to use SASCO trademark.

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24. SEGMENT INFORMATION (continued)

	Retail and operating SR	Saudi Club SR	Transportation Fleet SR	Other SR	Inter-segment eliminations SR	Total SR
<b>For the three-month period ended 30 June 2022</b>						
Revenue from external customers	2,061,102,716	2,666,863	1,704,330	-	-	2,065,473,909
Inter-segment revenue	10,429,352	-	9,448,215	-	(19,877,567)	-
Depreciation of property, plant and equipment	24,443,272	9,737	1,386,116	-	-	25,839,125
Depreciation of right of use assets	50,710,661	-	192,772	-	-	50,903,433
Cost of revenue	2,005,286,632	1,701,369	8,640,246	-	(19,877,567)	1,995,750,680
Gross profit	66,245,436	965,495	2,512,298	-	-	69,723,229
<b>For the three-month period ended 30 June 2021</b>						
Revenue	951,845,070	2,457,665	1,561,867	-	-	955,864,602
Inter-segment revenue	8,106,949	-	77,309,069	-	(85,416,018)	-
Depreciation of property, plant and equipment	14,907,604	9,423	1,108,288	-	-	16,025,315
Depreciation of right of use assets	25,725,947	-	-	-	-	25,725,947
Cost of revenue	913,367,258	1,384,217	76,783,685	-	(70,610,733)	920,924,427
Gross profit	46,584,760	1,073,449	2,087,251	-	(14,805,285)	34,940,175
<b>For the six-months period ended 30 June 2022</b>						
Revenue from external customers	3,329,276,310	5,134,919	3,536,897	-	-	3,337,948,126
Inter-segment revenue	16,175,982	-	18,046,553	-	(34,222,535)	-
Depreciation of property, plant and equipment	40,438,935	19,387	2,743,794	-	-	43,202,116
Depreciation of right of use assets	77,735,227	-	385,544	-	-	78,120,771
Cost of revenue	3,246,566,010	3,517,305	16,709,431	-	(34,222,535)	3,232,570,211
Gross profit	98,886,282	1,617,615	4,874,018	-	-	105,377,915
<b>For the six-months period ended 30 June 2021</b>						
Revenue from external customers	1,699,456,892	3,879,166	3,069,659	-	-	1,706,405,717
Inter-segment revenue	30,685,637	-	119,340,732	-	(150,026,369)	-
Depreciation of property, plant and equipment	28,902,631	17,432	2,258,642	-	-	31,178,705
Depreciation of right of use assets	51,365,603	-	-	-	-	51,365,603
Cost of revenue	1,631,305,901	2,638,242	118,257,403	-	(118,389,247)	1,633,812,299
Gross profit	98,836,627	1,240,924	4,152,989	-	(31,637,122)	72,593,418

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24. SEGMENT INFORMATION (continued)

	Retail and operating SR	Saudi Club SR	Transportation Fleet SR	Others SR	Inter-segment eliminations SR	Total SR
<b>As at 30 June 2022 (unaudited)</b>						
Assets	9,934,614,449	40,263,068	282,167,347	344,651,512	(4,669,362,489)	5,932,333,887
Property, plant and equipment	1,654,034,723	195,505	51,735,602	20,665,099	-	1,726,630,929
Right of use assets	2,224,902,271	-	1,647,549	-	-	2,226,549,820
Liabilities	8,949,651,008	21,645,289	231,203,120	-	(4,271,461,688)	4,931,037,729
<b>As at 31 December 2021 (audited)</b>						
Assets	3,369,983,972	31,124,270	98,879,767	344,666,518	(571,822,491)	3,272,832,036
Property, plant and equipment	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	-	-	-
Liabilities	2,613,295,223	13,294,799	52,627,851	-	(218,322,387)	2,460,895,486

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### 24. SEGMENT INFORMATION (continued)

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

	<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Gross profit	69,723,229	34,940,175	105,377,915	72,593,418
<b>Un-allocated items:</b>				
Selling and marketing expenses	(933,258)	(607,958)	(1,555,396)	(1,175,089)
General and administrative expenses	(108,162,321)	(8,273,650)	(122,772,640)	(21,833,194)
Financial cost	(25,255,482)	(13,108,944)	(37,788,996)	(24,226,839)
Provision for expected credit losses	(481,038)	-	(481,038)	-
Gain from valuation of investments at FVPL	229,662	327	230,019	26,811
Gains from sale of investments at FVPL	48,673	91,468	94,147	361,884
Dividends received from investments at FVPL	-	329,221	-	658,442
Other income (expenses), net	97,478,371	(375,277)	98,448,560	(526,553)
Total un-allocated amounts	(37,075,393)	(21,944,813)	(63,825,344)	(46,714,538)
<b>Income before zakat</b>	<b>32,647,836</b>	<b>12,995,362</b>	<b>41,552,571</b>	<b>25,878,880</b>

### 25. SALE AND LEASEBACK OF PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended 30 June 2022, the Company sold and leased back nine gas stations for the purpose of financing the acquisition of a subsidiary (note 2). The profit from this transaction is recognized in the interim condensed consolidated statement of comprehensive income as follows:

	<i>30 June 2022</i>
	<i>SR</i>
Cash proceeds from the sale and leaseback of property, plant and equipment	381,702,607
Book value of property, plant and equipment (note 7)	(174,416,792)
	207,285,815
Additions to the right of use as a result of the leaseback	94,480,305
Gain from the sale and leaseback of property, plant and equipment (note 20)	(95,373,174)
Addition to lease liabilities as a result of leaseback (note 14)	206,392,946

### 26. Capital commitments and contingent liabilities

#### Capital commitments

The Group has capital commitments of SR 56.7 million (31 December 2021: SR 48.7 million) mainly related to the cost of establishing and developing projects related to gas stations in various regions in the Kingdom of Saudi Arabia.

#### Contingent obligations

A- As at 30 June 2022, the Group has bank letters of guarantee amounting to SR 1.2 billion (31 December 2021: SR 917 million). Those have been issued in the normal course of business of the Group.

B- The Group has several lawsuit cases filed against it, related to 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 10.1 million as at the date of these interim condensed consolidated financial statements.

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**27. SUBSEQUENT EVENTS**

No significant events have occurred subsequent to the date and before the issuance of these interim condensed consolidated financial statements, which require adjustment to, or disclosure thereto.

**28. COMPARATIVE FIGURES**

Certain comparative figures for the previous period have been reclassified in order to conform with the current period's classification.

**29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved on 20 Muharram 1444H (corresponding to 18 August 2022).